Emdeon Inc.
Form DEF 14A
September 29, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

The Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

EMDEON INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14(a)-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Class A common stock, par value $0.00001 per share, of Emdeon Inc. (Emdeon Class A common stock)

(2) Aggregate number of securities to which transaction applies:
115,778,777 shares of Emdeon Class A common stock (including 24,565,195 units of membership interests (EBS Units) in EBS Master LLC (but excluding any unearned performance-contingent EBS Units, which shall be cancelled immediately prior to the effective time of the merger) and a corresponding number of shares of Class B common stock, par value $0.00001, of Emdeon Inc. (Emdeon Class B common stock) per share, exchangeable for a like number of shares of Emdeon Class A common stock), 8,045,593 shares of Emdeon Class A common stock issuable pursuant to in-the-money options (but excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger), 911,420 shares of Emdeon Class A common stock issuable pursuant to a corresponding number of restricted stock units and 30,000 shares of Emdeon Class A common stock underlying purchase rights outstanding under the Company s Employee Stock Purchase Plan (the ESPP).

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
The proposed maximum aggregate value of transaction for purposes of calculating the filing fee is $2,246,390,833.73. The maximum aggregate value of the transaction was calculated based upon the sum of (A)(1) 115,778,777 shares of Emdeon Class A common stock (including 24,565,195 EBS Units (but excluding any unearned performance-contingent EBS Units, which shall be cancelled immediately prior to the effective time of the merger) and a corresponding number of shares of Emdeon Class B common stock, par value $0.00001 per share, exchangeable for a like number of shares of Emdeon Class A common stock) issued and outstanding and owned by persons other than the Company, Parent and Merger Sub on August 16, 2011, multiplied by (2) $19.00 (the per share merger consideration), (B) (1) 8,045,593 shares of Emdeon Class A common stock underlying outstanding in-the-money options of the Company (but excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger) with an exercise price of $19.00 or less, as of August 16, 2011, multiplied by (2) the excess of the per share merger consideration over the weighted average price of $15.39, (C)(1) 911,420 shares of Emdeon Class A common stock issuable pursuant to a corresponding number of restricted stock units, multiplied by (2) the per share merger consideration and (D)(1) 30,000 shares of Class A common stock underlying purchase rights outstanding under the ESPP as of August 16, 2011, multiplied by (2) the excess of the per share merger consideration over $11.25 (the expected purchase price for each share of Emdeon Class A common stock under the ESPP). The filing fee equals the product of 0.00011610 multiplied by the maximum aggregate value of the transaction.

(4) Proposed maximum aggregate value of transaction:
$2,246,390,833.73

(5) Total fee paid:
$260,805.98

x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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EMDEON INC.

3055 Lebanon Pike, Suite 1000

Nashville, TN 37214

September 29, 2011

Dear Stockholder:

You are cordially invited to attend a Special Meeting of the stockholders (the Special Meeting) of Emdeon Inc. (Emdeon or the Company), which will be held at 8:30 a.m., Central Time, on November 1, 2011 at the Sheraton Music City Hotel located at 777 McGavock Pike, Nashville, Tennessee 37214. The Special Meeting is being held for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To hold a vote on a proposal to adopt an Agreement and Plan of Merger, dated as of August 3, 2011 (as it may be amended, the merger agreement), by and among the Company, Beagle Parent Corp. (Parent), a Delaware corporation and an affiliate of The Blackstone Group L.P. and Blackstone Capital Partners VI L.P. (Sponsor), and Beagle Acquisition Corp. (Merger Sub), a Delaware corporation and a wholly-owned subsidiary of Parent, pursuant to which Merger Sub will be merged with and into the Company (the merger), with the Company surviving as a wholly-owned subsidiary of Parent;

2. To hold an advisory (non-binding) vote to approve certain items of compensation that are based on or otherwise related to the merger payable to the Company s named executive officers under existing agreements with the Company (the golden parachute compensation); and

3. To hold a vote on a proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement.

If the merger is completed, each share of Class A common stock, par value $0.00001 per share, of the Company (Emdeon Class A common stock) that you own immediately prior to the effective time of the merger (including each share of Emdeon Class A common stock resulting from the exchange of units of membership interests (EBS Units) in EBS Master LLC (which is a subsidiary of the Company) and corresponding shares of Class B common stock, par value $0.00001 per share, of the Company (Emdeon Class B common stock and, together with Emdeon Class A common stock, Emdeon common stock) contemplated by the merger agreement), other than as provided below, will be converted into the right to receive $19.00 in cash (the per share merger consideration), without interest and less applicable withholding taxes. The following shares of Emdeon Class A common stock will not be converted into the right to receive the per share merger consideration in connection with the merger: (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington AIV II, L.P. (H&F Harrington) pursuant to the rollover commitment letter under which, and subject to the terms and conditions of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein, and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the General Corporation Law of the State of Delaware. After giving effect to the exchange described above, all outstanding shares of Emdeon Class B common stock that are not converted into Emdeon Class A common stock pursuant to the merger agreement shall be cancelled for no consideration upon the completion of the merger. Following the completion of the merger, Parent will own all of the Company s issued and outstanding capital stock and the Company will continue its operations as a wholly-owned subsidiary of Parent. As a result, the Company will no longer have Emdeon Class A common stock listed on the New York Stock Exchange and will no longer be required to file periodic and other reports with the Securities and Exchange Commission with respect to Emdeon Class A common stock. After the merger, you will no longer have an equity interest in the Company and will not participate in any potential future earnings of the Company.

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Certain stockholders of the Company affiliated with General Atlantic LLC (the GA Equityholders) and certain stockholders of the Company affiliated with Hellman & Friedman LLC, including H&F Harrington (collectively, the H&F Equityholders), have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which, unless the applicable voting agreement is terminated in accordance with its terms (including upon a termination of the merger agreement in accordance with its terms), such stockholders have agreed to, among other things, vote, or cause to be voted, their shares of Emdeon common stock in favor of the adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement will not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders. However, your vote is very important, and we encourage you to vote your shares of Emdeon common stock.

One of the H&F Equityholders, H&F Harrington, has committed to contribute approximately 50% of its shares of Emdeon Class A common stock at the closing of the merger to Parent in exchange for a pro rata share of the equity of Parent based on a value for each share of Emdeon Class A common stock so contributed of $19.00. The other H&F Equityholders have committed to sell approximately 50% of their EBS Units at the closing of the merger to EBS Holdco II, LLC (which is a wholly-owned subsidiary of the Company and will be, immediately following the merger, an indirect wholly-owned subsidiary of Parent) in exchange for a pro rata share of the equity of Parent based on a value for each EBS Unit so sold of $19.00 and to sell the remaining approximately 50% of their EBS Units for cash equal to a per EBS Unit purchase price of $19.00. Immediately following the merger, Sponsor will own approximately 72.5% of Parent and the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the merger.

The board of directors has, after careful consideration, voted unanimously to (i) approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, (ii) declare that it is fair to and in the best interests of the Company and our stockholders other than H&F Equityholders that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement, (iii) direct that the adoption of the merger agreement be submitted to a vote at a meeting of the stockholders of the Company and (iv) recommend to the stockholders of the Company that they vote FOR the adoption of the merger agreement. In arriving at its recommendations, the board of directors carefully considered a number of factors described in the accompanying Proxy Statement.

The board of directors also recommends that you vote FOR advisory (non-binding) approval of the golden parachute compensation and FOR the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement. Adoption of the merger agreement and approval of the golden parachute compensation are subject to separate votes by the Company s stockholders, and approval of the golden parachute compensation is not a condition to the completion of the merger.

In considering the recommendation of the board of directors, you should be aware that certain of the Company s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally as further described in the accompanying Proxy Statement. You should also be aware that the H&F Equityholders have interests in the merger that are different from, or in addition to, the interests of the Company s other stockholders, as further described in the accompanying Proxy Statement. In addition, affiliates of the GA Equityholders, affiliates of the H&F Equityholders and certain directors and executive officers of the Company are party to tax receivable agreements with the Company that were entered into in connection with the initial public offering of the Company, as described in the accompanying Proxy Statement. As described in the accompanying Proxy Statement, (i) affiliates of the GA Equityholders have agreed to transfer to affiliates of The Blackstone Group and forgo their rights under such tax receivable agreements for periods after the consummation of the merger (including their rights to future payments thereunder that were otherwise owed to them) but will retain the right to receive certain payments to be made under such tax receivable agreements up to

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$2.75 million, and will be entitled to receive the same per share merger consideration in the merger for their shares of Emdeon Class A common stock as all of the Company s other stockholders and (ii) affiliates of the H&F Equityholders will retain their rights to payments under such tax receivable agreements, subject to certain amendments to such tax receivable agreements that would have the effect of potentially reducing the amounts payable to such affiliates of the H&F Equityholders thereunder.

Any holder of Emdeon common stock who does not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of such holder s shares of Emdeon common stock as determined by the Delaware Chancery Court if the merger is completed, but only if such holder does not vote in favor of adopting the merger agreement and otherwise complies with the procedures of Section 262 of the General Corporation Law of the State of Delaware (the DGCL), which is the appraisal rights statute applicable to Delaware corporations. These appraisal rights are summarized in the accompanying Proxy Statement. The accompanying Proxy Statement shall constitute notice to you from the Company of the availability of appraisal rights under Section 262 of the DGCL.

Your vote is important. **Whether or not you plan to attend the Special Meeting in person, to ensure the presence of a quorum and that your shares are represented at the Special Meeting, please vote via the Internet or by telephone as instructed in the accompanying proxy materials or complete, date and sign and return a proxy card as promptly as possible.** Even if you plan to attend the Special Meeting, please take advantage of one of the advance voting options to ensure that your shares are represented at the Special Meeting. You may revoke your proxy at any time before it is voted by following the procedures described in the accompanying Proxy Statement. **The merger cannot be completed unless the holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class, adopt the merger agreement.**

Thank you for your continued support.

Sincerely,

George I. Lazenby

Chief Executive Officer and Director

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger, passed upon the merits or fairness of the merger agreement or the transactions contemplated thereby, including the proposed merger, or passed upon the adequacy or accuracy of the information contained in this document or the accompanying Proxy Statement. Any representation to the contrary is a criminal offense.

The accompanying Proxy Statement is dated September 29, 2011 and is first being mailed to the Company s stockholders on or about September 30, 2011.

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON NOVEMBER 1, 2011

EMDEON INC.

Dear Stockholder:

You are cordially invited to attend a Special Meeting of the stockholders (the Special Meeting) of Emdeon Inc. (Emdeon or the Company) which will be held at 8:30 a.m., Central Time, on November 1, 2011 at the Sheraton Music City Hotel located at 777 McGavock Pike, Nashville, Tennessee 37214. The Special Meeting is being held for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To hold a vote on a proposal to adopt the Agreement and Plan of Merger, dated as of August 3, 2011 (as it may be amended, the merger agreement), by and among the Company, Beagle Parent Corp. (Parent), a Delaware corporation and an affiliate of The Blackstone Group L.P. and Blackstone Capital Partners VI L.P. (Sponsor), and Beagle Acquisition Corp. (Merger Sub), a Delaware corporation and a wholly-owned subsidiary of Parent, which provides for the merger of Merger Sub with and into the Company (the merger), with the Company surviving the merger as a wholly-owned subsidiary of Parent (Proposal 1);

2. To hold an advisory (non-binding) vote on a proposal to approve certain items of compensation that are based on or otherwise related to the merger payable to the Company s named executive officers under existing agreements with the Company (the golden parachute compensation) (Proposal 2); and

3. To hold a vote upon a proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement (Proposal 3).

In addition, stockholders will be asked to consider and vote upon any other matters that properly come before the Special Meeting or any adjournment or postponement thereof.

The merger agreement and the merger, the golden parachute compensation arrangements and adjournment proposal are more fully described in the accompanying Proxy Statement, which the Company urges you to read carefully and in its entirety. A copy of the merger agreement is attached as Appendix A to the accompanying Proxy Statement, which the Company also urges you to read carefully and in its entirety.

The board of directors has approved and authorized the merger agreement and recommends a vote **FOR** Proposal 1, **FOR** Proposal 2 and **FOR** Proposal 3. The Company does not expect a vote to be taken on any other matters at the Special Meeting or any adjournment or postponement thereof. If any other matters are properly presented at the Special Meeting or any adjournment or postponement thereof for consideration, however, the holders of the proxies will have discretion to vote on these matters in accordance with their best judgment.

Only stockholders that owned shares of Class A common stock, par value $0.00001 per share, of the Company (Emdeon Class A common stock) or Class B common stock, par value $0.00001 per share, of the Company (Emdeon Class B common stock and, together with Emdeon Class A common stock, Emdeon common stock), at the close of business on September 23, 2011 are entitled to notice of and to vote at the Special Meeting and any adjournment or postponement thereof.

Certain stockholders of the Company affiliated with General Atlantic LLC (the GA Equityholders) and certain stockholders of the Company affiliated with Hellman & Friedman LLC (the H&F Equityholders) have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which, unless the applicable voting agreement is terminated in accordance with its terms (including upon a termination of the merger agreement in accordance with its terms), such stockholders have agreed to, among other things, vote, or cause to be voted, their shares of Emdeon common stock in favor of the adoption of the merger agreement and any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger

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agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement will not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders. However, your vote is very important, and we encourage you to vote your shares of Emdeon common stock.

One of the H&F Equityholders, H&F Harrington AIV II, L.P., has committed to contribute approximately 50% of its shares of Emdeon Class A common stock at the closing of the merger to Parent in exchange for a pro rata share of the equity of Parent based on a value for each share of Emdeon Class A common stock so contributed of $19.00. The other H&F Equityholders have committed to sell approximately 50% of their units of membership in EBS Master LLC (which is a subsidiary of the Company) at the closing of the merger to EBS Holdco II, LLC (which is a wholly-owned subsidiary of the Company and will be, immediately following the merger, an indirect wholly-owned subsidiary of Parent) in exchange for a pro rata share of the equity of Parent based on a value for each EBS Unit so sold of $19.00 and to sell the remaining approximately 50% of their EBS Units for cash equal to a per EBS unit purchase price of $19.00. Immediately following the merger, Sponsor will own approximately 72.5% of Parent and the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the merger.

In considering the recommendations of the board of directors, you should be aware that certain of the Company s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally, as further described in the accompanying Proxy Statement. You should also be aware that the H&F Equityholders have interests in the merger that are different from, or in addition to, the interests of the Company s other stockholders, as further described in the accompanying Proxy Statement. In addition, affiliates of the GA Equityholders, affiliates of the H&F Equityholders and certain directors and executive officers of the Company are party to tax receivable agreements with the Company that were entered into in connection with the initial public offering of the Company, as described in the accompanying Proxy Statement. As described in the accompanying Proxy Statement, (i) affiliates of the GA Equityholders have agreed to transfer to affiliates of The Blackstone Group and forgo their rights under such tax receivable agreements for periods after the consummation of the merger (including their rights to future payments thereunder that were otherwise owed to them) but will retain the right to receive certain payments to be made under such tax receivable agreements up to $2.75 million, and will be entitled to receive the same per share merger consideration in the merger for their shares of Emdeon Class A common stock as all of the Company s other stockholders and (ii) affiliates of the H&F Equityholders will retain their rights to payments under such tax receivable agreements, subject to certain amendments to such tax receivable agreements that would have the effect of potentially reducing the amounts payable to such affiliates of the H&F Equityholders thereunder.

Any holder of Emdeon common stock who opposes the merger will have the right to seek appraisal of the fair value of such holder s shares of Emdeon common stock as determined by the Delaware Chancery Court if the merger is completed, but only if such holder does not vote in favor of adopting the merger agreement and otherwise complies with the procedures of Section 262 of the General Corporation Law of the State of Delaware (the DGCL), which is the appraisal rights statute applicable to Delaware corporations. These appraisal rights are summarized in the accompanying Proxy Statement. The accompanying Proxy Statement shall constitute notice to you from the Company of the availability of appraisal rights under Section 262 of the DGCL.

Your vote is important. Whether or not you plan to attend the Special Meeting in person, to ensure the presence of a quorum and that your shares are represented at the Special Meeting, please vote via the Internet or by telephone as instructed in the accompanying proxy materials or complete, date and sign and return a proxy card as promptly as possible. Even if you plan to attend the Special Meeting, please take advantage of one of the advance voting options to ensure that your shares are represented at the Special Meeting. You may revoke your proxy at any time before it is voted by following the procedures described in the accompanying Proxy Statement. **The merger cannot be completed unless the holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class, adopt the merger agreement. The approval of the golden parachute compensation is advisory (non-binding) and is not a condition to the completion of the merger.**

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The Company urges you to read the Proxy Statement and merger agreement carefully and in their entirety.

By order of the board of directors,

Gregory T. Stevens

Executive Vice President, General Counsel and Secretary

September 29, 2011

Please do not send your Emdeon common stock certificates to the Company at this time. If the merger is completed, you will be sent instructions regarding the surrender of your Emdeon common stock certificates.

Important Notice Regarding the Availability of Proxy Materials

for the Special Meeting of Stockholders to be Held On November 1, 2011

This Proxy Statement is Available at Investors.emdeon.com Under the Caption SEC Filings

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Proxy Statement

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EMDEON INC.

3055 Lebanon Pike, Suite 1000

Nashville, TN 37214

PROXY STATEMENT

This Proxy Statement contains information related to a Special Meeting of stockholders (the Special Meeting) of Emdeon Inc. to be held on November 1, 2011, at the Sheraton Music City Hotel located at 777 McGavock Pike, Nashville, Tennessee 37214 at 8:30 a.m., Central Time, and at any adjournments or postponements thereof. **We are furnishing this Proxy Statement to our stockholders as part of the solicitation of proxies by our Board of Directors for use at the Special Meeting.** At the Special Meeting you will be asked to, among other things, consider and vote on the adoption of the merger agreement (as defined immediately below). This Proxy Statement is first being mailed to stockholders on or about September 30, 2011.

SUMMARY TERM SHEET

This following summary term sheet highlights selected information contained in this Proxy Statement and may not contain all of the information that is important to you. We urge you to read this entire Proxy Statement carefully, including the appendices, before voting. We have included section references to direct you to a more complete description of the topics described in this summary term sheet. You may obtain the information incorporated by reference into this Proxy Statement without charge by following the instructions in Where Stockholders Can Find More Information beginning on page 154. Unless the context requires otherwise, references in this Proxy Statement to we, us, our, the Compan or Emdeon refer to Emdeon Inc., a Delaware corporation, and its subsidiaries. We refer to Beagle Parent Corp., a Delaware corporation, as Parent, Beagle Acquisition Corp., a Delaware corporation, as Merger Sub, Blackstone Capital Partners VI L.P., a Delaware limited partnership, as Sponsor and Blackstone Management Associates VI L.L.C., a Delaware limited liability company, as Sponsor s General Partner. We refer to H&F Harrington AIV II, L.P., a Delaware limited partnership, as H&F Harrington, HFCP VI Domestic AIV, L.P., a Delaware limited partnership, as HFCP Domestic, Hellman & Friedman Capital Executives VI, L.P., a Delaware limited partnership, as H&F Capital Executives, Hellman & Friedman Capital Associates VI, L.P., a Delaware limited partnership, as H&F Capital Associates and Hellman & Friedman Investors VI, L.P., a Delaware limited partnership, as H&F GP. We refer to HFCP Domestic, H&F Capital Executives, H&F Capital Associates and H&F GP, collectively, as the H&F Unitholders, and together with H&F Harrington, the H&F Equityholders. The H&F Equityholders are affiliates of Hellman & Friedman LLC (Hellman & Friedman , and together with the H&F Equityholders, the H&F Filing Persons).

Purpose of Stockholders Vote. You are being asked to:

- consider and vote upon a proposal (the merger proposal) to adopt the Agreement and Plan of Merger, dated as of August 3, 2011, by and among the Company, Parent and Merger Sub, as it may be amended from time to time (the merger agreement). A copy of the merger agreement is attached as Appendix A to this Proxy Statement. Pursuant to the merger agreement, Merger Sub will be merged with and into the Company (the merger), and the Company will continue as the surviving corporation and become a wholly-owned subsidiary of Parent. If the merger is completed, each issued and outstanding share of Class A common stock, par value $0.00001 per share, of the Company (Emdeon Class A common stock) (including each share of Emdeon Class A common stock resulting from the exchange of units of membership interests (EBS Units) in EBS Master LLC, a subsidiary of the Company (EBS Master), and corresponding shares of Class B common stock, par value $0.00001 per share, of the Company (Emdeon Class B common stock and, together with Class A common stock, Emdeon

common stock) contemplated by the merger agreement), other than as provided below, will be converted into the right to receive $19.00 in cash, without interest and less applicable withholding taxes. The

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following shares of Emdeon Class A common stock will not be converted into the right to receive the per share merger consideration in connection with the merger: (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington pursuant to the rollover commitment letter (the Rollover Letter) under which, and subject to the terms and conditions of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein (together with the transactions contemplated by the interim investors agreement by and among Parent, the H&F Equityholders and Sponsor, the Rollover Investment), and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the General Corporation Law of the State of Delaware (the DGCL). After giving effect to the exchange described above, all outstanding shares of Emdeon Class B common stock that are not converted into shares of Class A common stock shall be cancelled for no consideration upon the completion of the merger. Unless the context requires otherwise, all references in this Proxy Statement to the treatment of Emdeon Class A common stock in the merger include shares of Emdeon Class A common stock resulting from the exchange of EBS Units and Emdeon Class B common stock described above. See Special Factors beginning on page 19; The Special Meeting beginning on page 102; and The Merger Agreement Conversion of Securities beginning on page 118.

- approve on an advisory (non-binding) basis certain items of compensation that are based on or otherwise related to the merger payable to the Company s named executive officers under existing agreements with the Company (which is referred to in this Proxy Statement as the golden parachute compensation). See Advisory Vote on Golden Parachute Compensation beginning on page 141; and

- approve a proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement.

Required Vote of the Company s Stockholders. Under the DGCL and in accordance with the Company s organizational documents, the affirmative vote of the holders of a majority of the shares of Emdeon common stock outstanding and entitled to vote, voting as a single class, is necessary to adopt the merger agreement. Abstentions and broker non-votes will have the same effect as a vote against adoption of the merger agreement. The affirmative vote of the majority of the shares of Emdeon common stock, voting as a single class, present in person or represented by proxy and entitled to vote on the proposal is required for the approval of the advisory (non-binding) proposal on the golden parachute compensation. **The vote to approve the golden parachute compensation is advisory only and will not be binding on the Company or Parent and is not a condition to the completion of the merger.** If the merger agreement is adopted by the stockholders and the merger is completed, the golden parachute compensation will be payable to the Company s named executive officers even if stockholders do not approve the golden parachute compensation. Abstentions are treated as a vote against the advisory (non-binding) proposal to approve the golden parachute compensation. However, broker non-votes (or other failures to vote) will have no effect on the advisory (non-binding) proposal to approve the golden parachute compensation. The affirmative vote of the majority of the shares of Emdeon common stock, voting as a single class, present in person or represented by proxy and entitled to vote on the proposal is required for the approval of the proposal to adjourn the Special Meeting if there are not sufficient votes to adopt the merger proposal. Abstentions are treated as a vote against the proposal to adjourn the Special Meeting if there are not sufficient votes to adopt the merger proposal. See The Special Meeting How Many Votes are Needed to Approve Each Proposal? beginning on page 105, The Special Meeting Adjournments and Postponements beginning on page 106, Special Factors Voting Agreement beginning on page 87 and Advisory Vote on Golden Parachute Compensation beginning on page 141.

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Voting Agreements. Certain stockholders of the Company affiliated with General Atlantic LLC (General Atlantic and such affiliates, the GA Equityholders) and the H&F Equityholders have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which such stockholders have agreed to, among other things, vote, or cause to be voted, their shares of Emdeon common stock in favor of the adoption of the merger agreement and any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement will not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders. The voting agreements will terminate automatically at the earliest of (i) the effective time of the merger, (ii) the termination of the merger agreement in accordance with its terms, (iii) any withdrawal or modification of, or any amendment to, the recommendation in respect of the merger and the merger agreement by the board of directors in a manner adverse to Parent, (iv) the making of any material change, by amendment, waiver or other modification to any provision of the merger agreement that (x) reduces the amount, changes the form or imposes any restrictions or additional conditions on the receipt of the merger consideration to the stockholders that are parties to the voting agreements or (y) is otherwise materially adverse to the stockholders that are parties to the voting agreements, and (v) February 9, 2012. See Special Factors Voting Agreement beginning on page 87.

Rollover Investment. One of the H&F Equityholders, H&F Harrington, has committed to contribute approximately 50% of its shares of Emdeon Class A common stock at the closing of the merger to Parent in exchange for a pro rata share of the equity of Parent based on a value for each share of Emdeon Class A common stock so contributed of $19.00. The H&F Unitholders have committed to sell approximately 50% of their EBS Units at the closing of the merger to EBS Holdco II, LLC (which is a wholly-owned subsidiary of the Company and will be, immediately following the merger, an indirect wholly-owned subsidiary of Parent) in exchange for a pro rata share of the equity of Parent based on a value for each EBS Unit so contributed of $19.00 and to sell the remaining approximately 50% of their EBS Units for cash equal to a per EBS Unit purchase price of $19.00. Immediately following the merger, Sponsor will own approximately 72.5% of Parent and the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the merger.

Parties Involved in the Merger. The Company, a Delaware corporation headquartered in Nashville, Tennessee, is a leading provider of revenue and payment cycle management and clinical information exchange solutions connecting payers, providers and patients in the U.S. healthcare system. Parent is a Delaware corporation and an affiliate of The Blackstone Group L.P. (The Blackstone Group), Sponsor and Sponsor s General Partner. Merger Sub is a Delaware corporation and a wholly-owned subsidiary of Parent. Both Parent and Merger Sub were formed for the sole purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. See Parties to the Merger beginning on page 108.

Special Meeting. The stockholders vote will take place at a Special Meeting to be held on November 1, 2011 at 8:30 a.m., Central Time, at the Sheraton Music City Hotel located at 777 McGavock Pike, Nashville, Tennessee 37214. See The Special Meeting beginning on page 102.

Conditions to the Merger. The completion of the merger is subject to the satisfaction or waiver of certain conditions, which are described in The Merger Agreement Conditions to the Completion of the Merger beginning on page 134. These conditions include, among others:

- the adoption of the merger agreement by the holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class;

- the expiration or termination of the regulatory waiting period applicable to the consummation of the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act), which termination was granted by the Federal Trade Commission (FTC) on September 8, 2011;

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- the absence of certain governmental orders that enjoin or otherwise prohibit the consummation of the merger;
- the absence of a material adverse effect on the Company;
- the Company s, Parent s and Merger Sub s performance in all material respects of their agreements and covenants in the merger agreement; and
- the accuracy of the representations and warranties of the Company, Parent and Merger Sub (subject to certain qualifications).

Regulatory Approvals. The merger cannot be completed until the Company and Parent each file a notification and report form under the HSR Act and the applicable waiting period has expired or been terminated. The filing required under the HSR Act was made on August 17, 2011, and the FTC granted early termination of the waiting period under the HSR Act on September 8, 2011. See Special Factors Regulatory Approvals beginning on page 97.

Board Recommendation. The board of directors, after careful consideration, has voted unanimously to (i) approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, (ii) declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement, (iii) direct that the adoption of the merger agreement be submitted to a vote at a meeting of the stockholders of the Company and (iv) recommend to the stockholders of the Company that they vote **FOR** the adoption of the merger agreement. The board of directors also recommends that you vote **FOR** approval of the golden parachute compensation and **FOR** approval of the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement. For purposes of the Rule 13e-3 going private transaction described in this Proxy Statement, and as used in this Proxy Statement, unaffiliated stockholders means all stockholders of the Company other than (i) the H&F Equityholders, (ii) the GA Equityholders and (iii) the Company s directors and executive officers. See Special Factors Recommendation of Our Board of Directors; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger beginning on page 34, The Special Meeting Adjournments and Postponements beginning on page 106 and Advisory Vote on Golden Parachute Compensation beginning on page 141.

Vote of Directors and Executive Officers on Adoption of the Merger Agreement. Our directors and executive officers have informed us that, as of the date of this Proxy Statement, they intend to vote all of the shares of Emdeon common stock owned directly by them in favor of the adoption of the merger agreement. As of September 23, 2011, the record date for the Special Meeting, our directors and current executive officers directly owned, in the aggregate, 1,439,704 shares of Emdeon common stock entitled to vote at the Special Meeting, or collectively approximately 1.2% of the outstanding shares of Emdeon common stock entitled to vote at the Special Meeting. See Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 82.

Opinions of the Company s Financial Advisors. In connection with the merger, the board of directors received separate written opinions, dated August 3, 2011, from Emdeon s financial advisors, Morgan Stanley & Co. LLC (Morgan Stanley) and UBS Securities LLC (UBS), as to the fairness, from a financial point of view and as of the date of such opinion, of the $19.00 per share merger consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement. For purposes of the opinions, excluded holders refers to General Atlantic, Hellman & Friedman, the GA Equityholders, the H&F Equityholders and any other stockholders of the Company that enter into voting agreements and/or rollover arrangements with Parent or its affiliates in connection with the merger, and their respective affiliates. The full text of Morgan Stanley s and UBS respective written opinions, are attached to this Proxy Statement as Appendix C and Appendix D, respectively. Holders of Emdeon common stock are encouraged to read these opinions carefully in their entirety for a description of the assumptions made, procedures followed, matters considered and

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limitations on the review undertaken by Morgan Stanley and UBS in connection with such opinions. **The opinions were provided for the benefit of the board of directors (in its capacity as such) in connection with, and for the purpose of, its evaluation of the $19.00 per share merger consideration from a financial point of view and did not address any other aspect of the merger. The opinions do not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger.**

Financing of the Merger. Parent and Merger Sub have obtained equity and debt financing commitments for the transactions contemplated by the merger agreement, the aggregate proceeds of which, together with the Rollover Investment and cash on hand at the closing, are expected to be sufficient for Parent and Merger Sub to pay the aggregate merger consideration and the related fees and expenses of the transactions contemplated by the merger agreement. The consummation of the merger is not subject to any financing conditions (although funding of the equity and debt financing is subject to the satisfaction of the conditions set forth in the commitment letters under which the financing will be provided). See Special Factors Financing of the Merger beginning on page 75.

Limited Guarantee. In connection with the merger agreement, Sponsor, an affiliate of Parent and Merger Sub, has executed a limited guarantee in favor of the Company to guarantee, subject to the limitations described therein, the payment of certain payment obligations that may be owed by Parent pursuant to the merger agreement, including the payment of any reverse termination fee that may become payable by Parent following a termination of the merger agreement by the Company in specified circumstances, subject to an overall cap of $163.0 million. See Special Factors Limited Guarantee beginning on page 81.

Interests of the Company s Directors and Executive Officers in the Merger. In considering the recommendation of the board of directors, you should be aware that the executive officers and directors of the Company may have interests in the merger that are different from, or in addition to, the interests of the Company s other stockholders. Shares of Emdeon common stock owned by executive officers of the Company and the board of directors (in their individual capacity) will be treated in the same way as shares held by the Company s unaffiliated stockholders. EBS Units (and corresponding shares of Class B common stock) held by certain members of the Company s senior management and board of directors will be exchanged for a corresponding number of shares of Class A common stock immediately prior to the effective time of the merger, in accordance with the merger agreement. See The Merger Agreement Conversion of Securities Common Stock beginning on page 118. Options and restricted stock units owned by executive officers of the Company and the board of directors (in their individual capacity) will be treated the same as options and restricted stock units held by the Company s employees that are outstanding immediately prior to the effective time of the merger. See The Merger Agreement Conversion of Securities Treatment of Outstanding Options and Restricted Stock Units beginning on page 119. For additional information relating to interests of directors and executive officers in the merger, see Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 82 and Special Factors Tax Receivable Arrangements Existing Tax Receivable Agreements beginning on page 88. For other payments and benefits to the Company s named executive officers that are tied to or based on the merger, see Advisory Vote on Golden Parachute Compensation beginning on page 141.

Interests of Other Stockholders in the Merger. In considering the recommendation of the board of directors, you should be aware that the H&F Equityholders have interests in the merger that are different from, or in addition to, the interests of the Company s other stockholders. In addition, affiliates of the GA Equityholders, affiliates of the H&F Equityholders and certain directors and executive officers are party to tax receivable agreements with the Company that were entered into in connection with the initial public offering of the Company. Affiliates of the GA Equityholders have agreed to transfer to affiliates of The Blackstone Group and forgo their rights under such tax receivable agreements for periods after the consummation of the merger (including their rights to future payments thereunder that were otherwise owed to them) but will retain the right to receive certain payments to be made under such tax receivable agreements up to $2.75 million, and will be entitled to receive the same

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per share merger consideration in the merger for their shares of Emdeon common stock as all of the Company s other stockholders. Affiliates of the H&F Equityholders will retain their rights to payments under such tax receivable agreements, subject to certain amendments to such tax receivable agreements that would have the effect of potentially reducing the amounts payable to such affiliates of the H&F Equityholders thereunder. These interests are discussed in Special Factors Positions of the H&F Equityholders Regarding the Fairness of the Merger beginning on page 61 and Special Factors Tax Receivable Arrangements beginning on page 88.

Material U.S. Federal Income Tax Consequences of the Merger. The exchange of shares of Emdeon Class A common stock for cash pursuant to the merger generally will be a taxable event for U.S. federal income tax purposes. Each U.S. holder who exchanges shares of Emdeon Class A common stock in the merger will generally recognize gain or loss equal to the difference between the consideration received (prior to reduction for any applicable withholding taxes) in the merger and the U.S. holder s adjusted tax basis in the shares of Emdeon common stock surrendered. See Special Factors Material U.S. Federal Income Tax Consequences beginning on page 94 for a discussion of the material U.S. federal income tax consequences of the merger to certain U.S. holders and certain non-U.S. holders. Holders should also consult their tax advisors for a complete analysis of the effect of the merger on their federal, state and local and/or foreign taxes.

Treatment of Outstanding Options and Restricted Stock Units. Immediately prior to the effective time of the merger, each stock option issued under the Company s 2009 Equity Incentive Plan (the 2009 Equity Plan) (excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger. Also at the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive. See The Merger Agreement Conversion of Securities Treatment of Outstanding Options and Restricted Stock Units beginning on page 119.

Treatment of Emdeon Employee Stock Purchase Plan (ESPP). A date selected by the board of directors that is at least 10 days prior to the effective time of the merger will be the final purchase date under the ESPP and the balance in employees ESPP accounts will be used to make purchases of Emdeon Class A common stock on that date in accordance with the terms and limitations of the ESPP (and subject to applicable withholding taxes). Shares of Emdeon Class A common stock held in participants ESPP accounts as of immediately prior to the effective time of the merger (whether acquired on the final purchase date or otherwise) will be cancelled in the merger like other shares of Emdeon Class A common stock and exchanged for the right to receive the per share merger consideration. The Company has agreed to terminate the ESPP as of the effective time of the merger. See The Merger Agreement Conversion of Securities Treatment of ESPP beginning on page 119.

Treatment of EBS Units and Shares of Emdeon Class B Common Stock. Prior to the effective time of the merger, each EBS Unit (excluding any unearned performance-contingent EBS Units, which shall be forfeited immediately prior to the effective time of the merger), whether vested or unvested, together with each corresponding share of Emdeon Class B common stock, held by certain members of the Company s senior management and our board of directors will be exchanged for one share of Emdeon Class A common stock, as contemplated by the merger agreement. At the effective time of the merger, after giving effect to the exchange described immediately above, each outstanding share of Emdeon Class B common stock that is not converted into a share of Emdeon Class A common stock

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pursuant to the merger agreement will be cancelled automatically and will cease to exist, and no consideration will be paid for such cancelled shares of Emdeon Class B common stock. See The Merger Agreement Conversion of Securities Common Stock beginning on page 118.

Appraisal Rights. Stockholders who oppose the merger may exercise their right to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Court of Chancery of the State of Delaware if the merger is completed, but only if they do not vote in favor of adopting the merger agreement and otherwise comply with the procedures of Section 262 of the DGCL, which is the appraisal rights statute applicable to Delaware corporations. A copy of Section 262 of the DGCL is included as Appendix B to this Proxy Statement and the procedures are summarized in this Proxy Statement. See Special Factors Appraisal Rights beginning on page 90 and Appendix B to this Proxy Statement. This appraisal amount could be more than, the same as or less than the $19.00 per share merger consideration to be paid in connection with the merger. Your failure to follow exactly the procedures specified under the DGCL may result in the loss of your appraisal rights.

Litigation Related to the Merger. The Company, its directors, The Blackstone Group, Sponsor, Parent, Merger Sub, Hellman & Friedman and General Atlantic are named as defendants in putative class action lawsuits brought by certain stockholders of the Company. The lawsuits allege, among other things, that the members of our board of directors breached their fiduciary duties owed to the Company s stockholders and seek, among other things, to enjoin the defendants from completing the merger on the agreed-upon terms.

One of the conditions to the closing of the merger is that no injunction or order has been entered by any governmental authority, including a court, that enjoins or otherwise prohibits the consummation of the merger. As such, if the plaintiffs are successful in obtaining an injunction prohibiting the defendants from completing the merger on the agreed-upon terms, then such injunction may prevent the merger from becoming effective, or from becoming effective within the expected timeframe. See Special Factors Litigation Related to the Merger beginning on page 97.

Anticipated Closing of the Merger. The merger is expected to be completed following the expiration of the marketing period for Parent s debt financing and after all of the conditions to the merger are satisfied or waived, including, as detailed above, the adoption of the merger agreement by the holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class, the expiration or termination of the regulatory waiting period under the HSR Act (which termination was granted by the FTC on September 8, 2011), the absence of certain governmental orders or laws that restrain, enjoin or otherwise prohibit the consummation of the merger, the absence of a material adverse effect on the Company, the Company s, Parent s and Merger Sub s performance in all material respects of their agreements and covenants in the merger agreement, and the accuracy of the representations and warranties of the Company, Parent and Merger Sub (subject to certain qualifications). The Company currently expects the merger to be completed in the second half of 2011, although the Company cannot assure completion by any particular date, if at all. The Company will issue a press release once the merger has been completed. See The Merger Agreement Conditions to the Completion of the Merger beginning on page 134.

The marketing period for Parent s debt financing is required to occur during the first period of 18 consecutive business days, subject to certain black-out dates, including and after September 22, 2011, following the latest of (i) the date on which Parent shall have received certain required information of the Company and such required information complies with certain requirements under the merger agreement, (ii) the date on which the Company shall have first commenced the mailing of this Proxy Statement and (iii) if the voting agreements cease to be in full force or effect or any stockholder that is a party to such agreement has repudiated such agreement in writing or is in material breach thereof, the date on which certain closing conditions to the obligations of each of the parties (described under The Merger Agreement Conditions to the Completion of the Merger) have been satisfied. Certain other requirements must be met in order to complete the marketing period, including, among other things, the waiting period applicable to the consummation of the merger under the HSR Act shall have expired or been terminated no later than five business days prior to the end of the marketing period (which termination was granted by the FTC on September 8, 2011) and the Special Meeting to adopt the merger must have occurred no later than

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three business days prior to the end of the marketing period. See The Merger Agreement Closing and Effective Time of the Merger; Marketing Period beginning on page 117.

Limitations on Solicitations of Other Offers. The Company has agreed to cease and terminate any previous discussions or negotiations with respect to takeover proposals (as defined in The Merger Agreement Covenants of the Company No Solicitation of Takeover Proposals; Fiduciary Out). Under the merger agreement, the Company is subject to nonsolicitation restrictions that prohibit the Company, its subsidiaries and their respective representatives from soliciting, encouraging or facilitating offers or proposals relating to a takeover proposal or providing information to or engaging in discussions or negotiations with third parties regarding a takeover proposal. Prior to the adoption of the merger agreement by the Company s stockholders, the nonsolicitation restrictions are subject to fiduciary out provisions that allow the Company to provide information and participate in discussions with respect to a takeover proposal that the board of directors has determined in good faith, after consultation with the Company s outside legal counsel and financial advisors, constitutes or would reasonably be expected to lead to a superior proposal (as defined in The Merger Agreement Covenants of the Company No Solicitation of Takeover Proposals; Fiduciary Out) and, subject to compliance with the terms of the merger agreement (including providing Parent and Merger Sub with prior notice and allowing Parent certain matching rights), to change its recommendation or to approve, recommend or declare advisable, or authorize the Company to enter into, an acquisition agreement with respect to a superior proposal. See The Merger Agreement Covenants of the Company No Solicitation of Takeover Proposals; Fiduciary Out beginning on page 127 and The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 137.

Termination. The merger agreement may be terminated at any time prior to the completion of the merger:

- by mutual written consent of both Parent and the Company;
- by either Parent or the Company if:
  - the merger is not consummated by February 9, 2012, except that such right to terminate the merger agreement will not be available to the party seeking to terminate the merger agreement if such party has breached any of its representations, warranties, covenants or agreements in the merger agreement, which breach has materially contributed to the failure to consummate the merger by such date;
  - the merger agreement has been submitted to the Company s stockholders for adoption at a duly convened stockholders meeting (or adjournment, postponement or recess thereof) at which a quorum is present and the affirmative vote of the holders of a majority of the outstanding shares of Emdeon common stock adopting the merger agreement, voting as a single class, is not obtained; or
  - a final and nonappealable order of any governmental authority permanently enjoins or prohibits consummation of the merger, provided that the party seeking to terminate the merger agreement must have used reasonable best efforts to challenge such order and cause such order to be withdrawn, rescinded, terminated, cancelled or otherwise nullified;
- by Parent if:
  - prior to the adoption of the merger agreement by the Company s stockholders, the board of directors shall have changed, withdrawn, modified or amended its recommendation that the Company s stockholders adopt the merger agreement, in any manner adverse to Parent (or publicly proposes to do so);

prior to the adoption of the merger agreement by the Company s stockholders, (i) the board of directors adopts, approves, endorses, recommends or declares advisable any takeover proposal (or publicly proposes to do so) or (ii) any tender offer or exchange offer that if consummated would result in any person beneficially owning 20% or more of any class of equity or securities of the Company then outstanding is commenced and the board of directors recommends in favor of such tender offer or exchange offer by the Company s stockholders (or publicly proposes to do so); or

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a breach by the Company of any of its representations, warranties, covenants or agreements under the merger agreement has occurred, which breach would reasonably be expected to give rise to a failure of certain specified conditions to closing and such breach is not cured within 20 business days after the Company s receipt of written notice of such breach from Parent, but only so long as neither Parent nor Merger Sub are in breach of their respective representations, warranties, covenants or agreements under the merger agreement;

- by the Company if:

prior to the adoption of the merger agreement by the Company s stockholders, the board of directors determines that a takeover proposal that the Company has received is a superior proposal and enters into a definitive agreement with respect to such superior proposal after (i) complying, in all material respects, with the nonsolicitation restrictions in the merger agreement as described under the heading The Merger Agreement Covenants of the Company No Solicitation of Takeover Proposals; Fiduciary Out beginning on page 127, and (ii) paying to or as directed by Parent a termination fee of $65.0 million;

a breach by Parent or Merger Sub of any of their respective representations, warranties, covenants or agreements under the merger agreement has occurred, which breach would reasonably be expected to give rise to a failure of certain specified conditions to closing and such breach is not cured by Parent and/or Merger Sub within 20 business days after Parent s receipt of written notice of such breach from the Company, but only so long as the Company is not in breach of its respective representations, warranties, covenants or agreements under the merger agreement;

prior to the effective time of the merger, if (i) all of Parent s and Merger Sub s conditions to closing have been satisfied (other than those conditions that, by their nature, are to be satisfied at closing (and which are, at the time of the termination of the merger agreement, capable of being satisfied if the closing were to occur at such time) or the failure of which to be satisfied is attributable primarily to a breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements under the merger agreement), (ii) Parent and Merger Sub fail to consummate the merger on the date the closing is required to have occurred as provided in the merger agreement and Parent was unable, prior to such date, to cause the debt financing to be funded at such date upon delivery of a drawdown notice by Parent and/or notice from Parent that the equity financing would be funded at such date and (iii) the Company has confirmed in writing to Parent that all of the conditions to the Company s obligations to consummate the merger have been satisfied (or that the Company would be willing to waive any unsatisfied conditions for purposes of consummating the merger); or

prior to the effective time of the merger, whether or not the Company has sought or is entitled to seek specific performance under the merger agreement, if (i) all of Parent s and Merger Sub s conditions to closing have been satisfied (other than those conditions that, by their nature, are to be satisfied at closing (and which are, at the time of the termination of the merger agreement, capable of being satisfied if the closing were to occur at such time) or the failure of which to be satisfied is attributable primarily to a breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements under the merger agreement), (ii) (A) the debt financing has been funded or will be funded on the date the closing is required to have occurred as provided in the merger agreement upon delivery of a drawdown notice by Parent and/or notice from Parent that the equity financing and the Rollover Investment will be funded at such date, or (B) the debt financing has not been or cannot be funded at the date provided for in the merger agreement and the failure of such funding is attributable primarily to a breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements contained in the merger agreement, (iii) Parent and Merger Sub fail to complete the closing by the date the closing is required to have occurred as provided in the merger agreement and (iv) the Company has confirmed in

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writing to Parent that all of the conditions to the Company s obligations to consummate the merger have been satisfied (or that the Company would be willing to waive any unsatisfied conditions for purposes of consummating the merger). See The Merger Agreement Termination beginning on page 135.

Termination Fees. The merger agreement contains certain termination rights for both the Company and Parent. The merger agreement provides that, upon termination of the merger agreement under specified circumstances, the Company would be required to pay Parent or its designee a termination fee in an amount equal to $65.0 million (including, under certain circumstances, if the Company enters into a definitive agreement or consummates an alternative takeover proposal during the 12-month tail period following termination of the merger agreement, in which case such amount would be reduced by the amount (if any) of out-of-pocket expenses previously reimbursed by the Company to Parent pursuant to the merger agreement) or out-of-pocket expenses up to $10.0 million. The merger agreement also provides that Parent would be required to pay the Company a reverse termination fee, upon termination of the merger agreement under specified circumstances, of $80.0 million or $153.0 million, and, in certain circumstances, the fees and expenses of the Company. None of the H&F Equityholders nor any of their affiliates, partners, members, directors, officers, employees and other specified persons (i) shall be obligated to, or otherwise have any liability with respect to, any guarantee obligations of the Sponsor, any back-stop guarantee obligations of any co-investors, or any reverse termination fee payable by Parent or Merger Sub to the Company and/or (ii) will be entitled to receipt of any termination fee payable by the Company to Parent and/or Merger Sub. See The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 137 and Special Factors Limited Guarantee beginning on Page 81.

Specific Performance. Under certain circumstances, the Company, on the one hand, and Parent and Merger Sub, on the other hand, are entitled to specific performance to require the other to complete the merger. However, the right of the Company to seek specific performance to enforce Parent s and/or Merger Sub s obligation to draw down the full proceeds of the equity financing to be funded pursuant to the terms and conditions of the equity commitment letter, to cause the Rollover Investment to be made pursuant to the terms and conditions of the Rollover Letter and to cause Parent and Merger Sub to consummate the merger and effect the closing as provided by the merger agreement is subject to the requirements that (i) all of the conditions to Parent s and Merger Sub s obligations to consummate the merger have been satisfied (other than those conditions that, by their nature, are to be satisfied at the Closing (and which are, at the time that the Company seeks specific performance, capable of being satisfied if the closing were to occur at such time) or the failure of which to be satisfied is attributable primarily to a breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements contained in the merger agreement), (ii) the debt financing has been funded or will be funded at the date the closing is required to occur in accordance with the terms of the merger agreement upon delivery of a drawdown notice by Parent and/or notice from Parent that the equity financing and the Rollover Investment will be funded at such date, (iii) Parent and Merger Sub fail to complete the closing on the date the closing is required to have occurred as provided in the merger agreement, (iv) the Company has confirmed in writing to Parent that all of the conditions to the Company s obligations to consummate the merger have been satisfied (or that the Company would be willing to waive any unsatisfied conditions for purposes of consummating the merger) and (v) such specific performance would result in the consummation of the merger in accordance with the merger agreement substantially contemporaneously with the consummation of the debt financing, the equity financing and the Rollover Investment. See The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 137 and see Special Factors Financing of the Merger beginning on page 75.

Additional Information. You can find more information about the Company in the periodic reports and other information the Company files with the Securities and Exchange Commission (the SEC). This information is available at the SEC s public reference facilities and at the website maintained by the SEC at www.sec.gov and on the Company s website at www.emdeon.com. For a more detailed description of the additional information available, see Where Stockholders Can Find More Information beginning on page 154.

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QUESTIONS AND ANSWERS ABOUT THE MERGER, THE GOLDEN PARACHUTE COMPENSATION AND THE SPECIAL MEETING

The following questions and answers, which are for your convenience only, briefly address some commonly asked questions about the merger, the golden parachute compensation and the Special Meeting and are qualified in their entirety by the more detailed information contained elsewhere in this Proxy Statement. These questions and answers may not address all questions that may be important to you as a stockholder of Emdeon. You should still carefully read this entire Proxy Statement, including the attached appendices.

Q: Why am I receiving these materials?

A: You are receiving this Proxy Statement and proxy card because you owned shares of Emdeon common stock as of September 23, 2011, the record date for the Special Meeting. The board of directors is providing these proxy materials in connection with their solicitation of proxies in favor of (i) the adoption of the merger agreement, (ii) advisory (non-binding) approval of the golden parachute compensation payable to the Company s named executive officers under existing agreements with the Company in connection with the merger and (iii) approval of the proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement.

Q: When and where is the Special Meeting?

A: The Special Meeting will be held at 8:30 a.m., Central Time, on November 1, 2011. The Special Meeting will be held at the Sheraton Music City Hotel located at 777 McGavock Pike, Nashville, Tennessee 37214.

Q: What items will be voted upon at the Special Meeting?

A: There are three matters scheduled for a vote at the Special Meeting:

1. A vote on the adoption of the merger agreement, pursuant to which Merger Sub will merge with and into the Company and the Company will continue as the surviving corporation and become a wholly-owned subsidiary of Parent;

2. An advisory (non-binding) vote to approve the golden parachute compensation payable to the Company s named executive officers in connection with the merger; and

3. A vote on a proposal to approve the adjournment or postponement of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement.

In addition, stockholders will be asked to consider and vote upon any other matters that properly come before the Special Meeting or any adjournment or postponement thereof.

Q: Why is the merger being proposed?

A: The Company s purpose in proposing the merger is to enable stockholders to receive, upon completion of the merger, $19.00 per share in cash, without interest and less applicable withholding taxes, for each share of Emdeon Class A common stock held by them as of the effective time of the merger. After careful consideration, the board of directors has (i) approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, (ii) declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement, (iii) directed that the adoption of the merger agreement be submitted to a vote at a meeting of the stockholders of the Company and (iv) recommended that the stockholders of the Company vote **FOR** the adoption of the merger agreement. For a more detailed discussion of the conclusions, determinations and reasons of the board of directors for recommending that the Company undertake the

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merger on the terms of the merger agreement, see Special Factors Recommendation of Our Board of Directors; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger, beginning on page 34.

Q: What will happen in the merger?

A: In the merger, Merger Sub will be merged with and into the Company and the Company will continue as the surviving corporation and become a wholly-owned subsidiary of Parent. As a result of the merger, Emdeon Class A common stock will no longer be publicly traded, and you will no longer have any interest in the Company s future earnings or growth. In addition, Emdeon Class A common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Company will no longer be required to file periodic reports with the SEC with respect to Emdeon Class A common stock.

Q: What will I receive in the merger?

A: If the merger is completed, you will be entitled to receive $19.00 in cash, without interest and less any applicable withholding taxes, for each share of Emdeon Class A common stock (including each share of Emdeon Class A common stock resulting from the exchange of EBS Units and Emdeon Class B common stock described below) that you own immediately prior to the effective time of the merger. For example, if you own 100 shares of Emdeon Class A common stock, you will receive $1,900.00 in cash in exchange for your shares of Emdeon Class A common stock, without giving effect to any applicable withholding taxes. This does not apply to (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington pursuant to the Rollover Letter under which, and subject to the terms and conditions of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the DGCL. You will not own any shares of the capital stock in the surviving corporation.

Immediately prior to the effective time of the merger, each stock option issued under the 2009 Equity Plan (excluding any unearned performance-contingent stock options which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger. Also at the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive.

Prior to the effective time of the merger each EBS Unit (excluding any unearned performance-contingent EBS Units, which shall be forfeited immediately prior to the effective time of the merger), whether vested or unvested, together with each corresponding share of Emdeon Class B common stock, held by certain members of the Company s senior management and our board of directors will be exchanged for one share of Emdeon Class A common stock, as contemplated by the merger agreement. At the effective time of the merger, after giving effect to the exchange described immediately above and the transactions described in the following sentence, each outstanding share of Emdeon Class B common stock that is not converted into a share of Emdeon Class A common stock pursuant to the merger agreement will be cancelled automatically and will cease to exist, and no consideration will be paid for such cancelled shares of Emdeon Class B common stock. In addition, the H&F Unitholders have committed to sell approximately 50% of their EBS

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Units to EBS Holdco II, LLC (which is a subsidiary of the Company) at the closing of the merger in exchange for a pro rata share of the equity of Parent based on a value for each EBS Unit so contributed of $19.00 and the remaining approximately 50% of their EBS Units will be sold for cash equal to a per EBS Unit purchase price of $19.00. See Special Factors Financing of the Merger Rollover Commitment; Unit Purchase Agreement beginning on page 79.

Q: How does the per share merger consideration compare to the market price of Emdeon Class A common stock prior to announcement of the merger?

A: The $19.00 per share to be paid in respect of each share of Emdeon Class A common stock represents (i) a premium of approximately 43.0% over the Company s average closing stock price for the 30 trading days ended Wednesday, July 26, 2011, (ii) a premium of approximately 44.2% over the Company s closing stock price on Wednesday, July 26, 2011, the last trading day prior to the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company and (iii) a premium of approximately 16.9% over the Company s closing stock price on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011.

Q: What is the recommendation of our board of directors?

A: Based on the factors described in Special Factors Recommendation of the Company s Board of Directors, the board of directors has unanimously approved the merger agreement and recommends that you vote **FOR** the adoption of the merger agreement. In the opinion of our board of directors, the merger agreement and the terms and conditions of the merger are fair to and in the best interests of the Company and the unaffiliated stockholders of the Company. The board of directors also recommends that you vote **FOR** approval of the golden parachute compensation and **FOR** approval of the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement. See Special Factors Recommendation of Our Board of Directors; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger beginning on page 34 and Advisory Vote on Golden Parachute Compensation beginning on page 141 and The Special Meeting Adjournments and Postponements beginning on page 106.

Q: Who can attend and vote at the Special Meeting?

A: All holders of Emdeon common stock at the close of business on September 23, 2011, the record date for the Special Meeting, will be entitled to vote (in person or by proxy) on the adoption of the merger agreement, the approval of the golden parachute compensation and the adjournment or postponement, if necessary or appropriate, to solicit additional proxies, at the Special Meeting or any adjournments or postponements of the Special Meeting.

Q: What vote is required to adopt the merger agreement?

A: The merger agreement must be adopted by the affirmative vote of a majority of the shares of Emdeon common stock outstanding on the record date with the holders of Emdeon Class A common stock and Emdeon Class B common stock voting as a single class. Because the required vote is based on the number of shares of Emdeon common stock outstanding rather than on the number of votes cast, failure to vote your shares (including as a result of broker non-votes) and abstentions will have the same effect as voting against the adoption of the merger agreement. A broker non-vote occurs when a broker does not have discretion to vote on the matter and has not received instructions from the beneficial holder as to how such holder s shares are to be voted on the matter. **Whether or not you plan to attend the Special Meeting in person, to ensure the presence of a quorum and that your shares are represented at the Special Meeting, please vote via the Internet or by telephone as instructed in the accompanying proxy materials or complete, date and sign and return a proxy card as promptly as possible.**

The GA Equityholders and H&F Equityholders have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock,

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pursuant to which such stockholders have agreed to, among other things, vote their shares **FOR** the adoption of the merger agreement and the approval of the merger and any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement does not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders.

Q: What is a quorum?

A: A quorum will be present if holders of a majority in voting power of all outstanding shares of Emdeon common stock entitled to vote on a matter at the Special Meeting are present in person or represented by proxy at the Special Meeting. The quorum for the Special Meeting is not broken by the subsequent withdrawal of any stockholder. If a quorum is not present at the Special Meeting, the Special Meeting may be adjourned to another time and place. Shares of Emdeon common stock held by the Company (unless held in a fiduciary capacity) or by another corporation (if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Company) will neither be entitled to vote nor be counted for quorum purposes.

The GA Equityholders and H&F Equityholders have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which such stockholders have agreed to appear at the Special Meeting (or have their shares of Emdeon common stock be counted present thereat) for the purposes of determining a quorum. Accordingly, the presence in person or represented by proxy of any stockholder other than the GA Equityholders and the H&F Equityholders is not required to establish quorum at the Special Meeting.

Q: How many votes do I have?

A: You have one vote for each share of Emdeon common stock that you own as of the record date.

Q: How are votes counted and what happens if I do not vote?

A: Votes will be counted separately in respect of each proposal by the inspector of election appointed for the Special Meeting, who will separately count **FOR** and **AGAINST** votes, abstentions and broker non-votes. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not receive instructions from the beneficial owner with respect to the merger proposal, the proposal for golden parachute compensation or the adjournment proposal, counted separately.

Because Delaware law requires the affirmative vote of holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class, to approve the adoption of the merger agreement, the failure to vote, broker non-votes and abstentions will have the same effect as a vote **AGAINST** the adoption of the merger agreement.

Because the advisory (non-binding) vote to approve the golden parachute compensation and approval of the adjournment proposal require the affirmative vote of the majority of the shares of Emdeon common stock, voting as a single class, present in person or represented by proxy and entitled to vote thereon and thereat, abstentions will have the same effect as a vote **AGAINST** each of the golden parachute compensation and adjournment proposal. Broker non-votes will have no effect on the outcome of the golden parachute compensation proposal. As noted above, the vote with respect to the golden parachute compensation is merely an advisory vote and will not be binding on the Company or Parent. Accordingly, regardless of the outcome of the non-binding, advisory vote, if the merger agreement is adopted by the stockholders and completed, our named executive officers will be eligible to receive the various golden parachute payments.

As noted above, the GA Equityholders and the H&F Equityholders have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of

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Emdeon common stock, pursuant to which, unless the applicable voting agreement is terminated in accordance with its terms (including upon a termination of the merger agreement in accordance with its terms), such stockholders have agreed to vote their shares **FOR** the adoption of the merger agreement and the approval of the merger and any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement will not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders.

Q: How do I vote my Emdeon common stock?

A: Before you vote, you should read this Proxy Statement carefully and in its entirety, including the appendices, and carefully consider how the merger and the golden parachute compensation affects you. Then, mail your completed, dated and signed proxy card in the enclosed return envelope or vote via Internet or by telephone as soon as possible so that your shares can be voted at the Special Meeting. You may also attend the Special Meeting and vote your shares in person whether or not you sign and return your proxy card. If your shares are held of record by a broker, bank or other nominee and you wish to vote at the Special Meeting, you must obtain a proxy from such record holder. For more information on how to vote your shares, see The Special Meeting How Do I Vote? beginning on page 103.

Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?

A: Your broker will *not* vote your shares on your behalf unless you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct it to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting **AGAINST** the adoption of the merger agreement for purposes of the Company stockholder approval, but will have no effect for purposes of the other proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies or on the outcome of the advisory (non-binding) vote on golden parachute compensation.

Q: Will my shares held in street name or another form of record ownership be combined for voting purposes with shares I hold of record?

A: No. Because any shares you may hold in street name will be deemed to be held by a different stockholder than any shares you hold of record, any shares so held will not be combined for voting purposes with shares you hold of record. Similarly, if you own shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Shares held by a corporation or business entity must be voted by an authorized officer of the entity. Shares held in an Individual Retirement Account must be voted under the rules governing the account.

Q: May I change my vote after I have mailed my signed proxy card?

A: Yes. If you are the stockholder of record of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed proxy bearing a later date which is received by Broadridge ICS, our proxy solicitor, by the close of business on October 31, 2011;

You may send a written notice which is received by the close of business on October 31, 2011 that you are revoking your proxy to 3055 Lebanon Pike, Suite 1000, Nashville, Tennessee 37214, Attention: Gregory T. Stevens, Corporate Secretary; or

You may attend the Special Meeting and notify the election officials that you wish to revoke your proxy and vote in person. Your attendance at the Special Meeting will not, by itself, revoke your proxy.

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If your shares are held by your broker, bank or other agent as your nominee, you should follow the instructions provided by your broker, bank or other agent.

Q: If the merger is completed, how will I receive cash for my shares?

A: If the merger agreement is adopted and the merger is consummated, and if you are the record holder of your shares of Emdeon Class A common stock immediately prior to the effective time of the merger (i.e., you have a stock certificate or you hold shares in book-entry), you will be sent a letter of transmittal to complete and return to a paying agent to be designated by Parent, referred to herein as the paying agent. In order to receive the $19.00 per share merger consideration, you must send the paying agent, according to the instructions provided, your validly completed letter of transmittal together with your Emdeon stock certificates or book-entry shares, as applicable, and other required documents as instructed in the separate mailing. Once you have properly submitted a completed letter of transmittal, you will receive cash for your shares. If your shares of Emdeon common stock are held in street name by your broker, bank or other nominee, you will receive instructions after the effective time of the merger from your broker, bank or other nominee as to how to effect the surrender of your street name shares and receive cash for those shares.

Q: What happens to my stock options awards if the merger is completed?

A: Immediately prior to the effective time of the merger, each stock option issued under the 2009 Equity Plan (excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger.

Q: What happens to my restricted stock units if the merger is completed?

A: Immediately prior to the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive.

Q: What will happen in the merger to the Company s Employee Stock Purchase Plan?

A: A date that is at least 10 days prior to the effective time of the merger (which date will be determined by our board of directors) will be treated as the final purchase date for purposes of the ESPP. The balance in ESPP participants contribution accounts as of the final purchase date will be used to make automatic purchases of Emdeon Class A common stock on that date, in accordance with the terms and limitations of the ESPP (and subject to applicable withholding taxes). The Company will refund to each participant in the ESPP all amounts remaining in such participant s account after such purchase. The Company has agreed to terminate the ESPP as of the effective time of the merger.

Q: What happens if the merger is not completed?

A:

If the merger agreement is not adopted by the stockholders of the Company or if the merger is not completed for any other reason, the stockholders of the Company will not receive any payment for their shares of Emdeon common stock in connection with the merger. Instead, Emdeon will remain a stand-alone company, Emdeon Class A common stock will continue to be listed and traded on the New York Stock Exchange and registered under the Exchange Act, and the Company will continue to file periodic reports with the SEC with respect to Emdeon Class A common stock. Under specified circumstances, the Company

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may be required to pay to Parent, or may be entitled to receive from Parent, a fee with respect to the termination of the merger agreement, and under specified circumstances, the Company may be required reimburse Parent for certain out-of-pocket expenses relating to the merger agreement upon termination of the merger agreement, as described under The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 137.

Q: When should I send in my stock certificates?

A: If the merger agreement is adopted you will receive the letter of transmittal following the consummation of the merger. You should send your stock certificates together with the letter of transmittal after the merger is consummated and not now.

Q: I do not know where my stock certificate is how will I get my cash?

A: The materials you are sent after the completion of the merger will include the procedures that you must follow if you cannot locate your stock certificate. This will include an affidavit that you will need to sign attesting to the loss of your stock certificate. The Company may also require that you provide a customary indemnity agreement to the Company in order to cover any potential loss.

Q: What happens if I sell my shares of Emdeon common stock before the Special Meeting?

A: The record date for stockholders entitled to vote at the Special Meeting is earlier than the consummation of the merger. If you transfer your shares of Emdeon common stock after the record date but before the Special Meeting you will, unless special arrangements are made, retain your right to vote at the Special Meeting, but will transfer the right to receive the merger consideration to the person to whom you transfer your shares.

Q: When do you expect the merger to be completed?

A: The parties to the merger agreement are working to complete the merger as quickly as possible. In order to complete the merger, the Company must obtain the stockholder approval described in this Proxy Statement, the other closing conditions under the merger agreement must be satisfied or waived and the marketing period for Parent s debt financing must have expired. The parties to the merger agreement currently expect to complete the merger in the second half of 2011, although the Company cannot assure completion by any particular date, if at all. Because the merger is subject to a number of conditions, the exact timing of the merger cannot be determined at this time.

Q: What are the U.S. federal income tax consequences of the merger?

A: The exchange of shares of Emdeon Class A common stock for cash pursuant to the merger generally will be a taxable event for U.S. federal income tax purposes. Each U.S. holder who exchanges his or her shares of Emdeon Class A common stock in the merger will generally recognize a gain or loss in an amount equal to the difference between the consideration received in the merger (prior to reduction for any applicable withholding taxes) and the U.S. holder s adjusted tax basis in the shares of Emdeon Class A common stock surrendered. See Special Factors Material U.S. Federal Income Tax Consequences beginning on page 94 for a discussion of the material U.S. federal income tax consequences of the merger to certain U.S. holders and certain non-U.S. holders. **The tax consequences of the merger to you will depend on the facts of your own situation. You should consult your tax advisor for a full understanding of the tax consequences of the merger to you**.

Q: What rights do I have to seek a valuation of my shares?

A: Stockholders who oppose the merger may exercise their right to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Court of Chancery of the State of Delaware if the merger is completed, but only if they do not vote in favor of adopting the merger agreement and otherwise comply with the procedures of Section 262 of the DGCL, which is the appraisal rights statute applicable to

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Delaware corporations. A copy of Section 262 of the DGCL is included as Appendix B to this Proxy Statement and the procedures are summarized in this Proxy Statement. See Special Factors Appraisal Rights beginning on page 90 and Appendix B to this Proxy Statement.

Q: What do I need to do now?

A: You should carefully read this Proxy Statement, including the appendices in their entirety, and consider how the merger and the golden parachute compensation would affect you. **Whether or not you plan to attend the Special Meeting in person, to ensure the presence of a quorum and that your shares are represented at the Special Meeting, please vote via the Internet or by telephone as instructed in the accompanying proxy materials or complete, date, sign and return a proxy card as promptly as possible.**

Q: Who can help answer my questions?

A: If you have questions about the merger agreement or the merger, including the procedures for voting your shares, you should contact Broadridge ICS, our proxy solicitor, either by calling toll-free (800) 542-1061 or by writing to Broadridge ICS, Householding Department, 51 Mercedes Way, Edgewood, New York, 11717.

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SPECIAL FACTORS

The following, together with the summary of the merger agreement set forth under The Merger Agreement, is a description of the material aspects of the merger. While we believe that the following description covers the material aspects of the merger, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire document, including the Agreement and Plan of Merger attached to this Proxy Statement as Appendix A, for a more complete understanding of the merger. The following description is subject to, and is qualified in its entirety by reference to, the merger agreement. You may obtain additional information without charge by following the instructions in Where Stockholders Can Find More Information beginning on page 154 of this Proxy Statement.

Overview of the Transaction

The Company, Parent and Merger Sub entered into the merger agreement on August 3, 2011. Under the terms of the merger agreement, Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Parent. Parent and Merger Sub are beneficially owned by Sponsor, an affiliate of The Blackstone Group.

If the merger is completed, the Company will continue as the surviving corporation and become a wholly-owned subsidiary of Parent, and each share of Emdeon Class A common stock owned by the Company s stockholders immediately prior to the effective time of the merger, other than as provided below, will be converted into the right to receive $19.00 per share in cash, without interest and less any applicable withholding taxes. The following shares of Emdeon Class A common stock will not be converted into the right to receive the per share merger consideration in connection with the merger: (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington pursuant to the Rollover Letter under which, and subject to the terms of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein, and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the DGCL.

Immediately prior to the effective time of the merger, each stock option issued under 2009 Equity Plan (excluding any unearned performance-contingent stock options which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger. Also at the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive.

Prior to the effective time of the merger, each EBS Unit (excluding any unearned performance-contingent EBS Units, which shall be forfeited immediately prior to the effective time of the merger), whether vested or unvested, together with each corresponding share of Emdeon Class B common stock, held by certain members of the Company s senior management and our board of directors will be exchanged for one share of Emdeon Class A common stock, as contemplated by the merger agreement. At the effective time of the merger, after giving effect to the exchange described immediately above, each share of Emdeon Class B common stock still outstanding will be cancelled automatically and will cease to exist, and no consideration will be paid for such cancelled shares of Emdeon Class B common stock. Following the consummation of the merger, Parent will indirectly own all other

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outstanding EBS Units. See Special Factors Financing of the Merger Rollover Commitment; Unit Purchase Agreement beginning on page 79.

If the merger is completed, current holders of Emdeon common stock (other than the H&F Equityholders as described below) will no longer have any interest in, and will no longer be stockholders of, the Company, and will not participate in any of the Company s future earnings or growth. Furthermore, the registration of shares of Emdeon Class A common stock under the Exchange Act will be terminated, shares of Emdeon Class A common stock will no longer be listed on the New York Stock Exchange, and price quotations with respect to shares of Emdeon Class A common stock in the public market will no longer be available.

H&F Harrington has committed to contribute approximately 50% of its shares of Emdeon Class A common stock at the closing of the merger to Parent in exchange for a pro rata share of the equity of Parent based on a value for each share of Emdeon Class A common stock so contributed of $19.00. The H&F Unitholders have committed to sell approximately 50% of their EBS Units to EBS Holdco II, LLC (which is a wholly-owned subsidiary of the Company and will be, immediately following the merger, an indirect wholly-owned subsidiary of Parent) at the closing of the merger in exchange for a pro rata share of the equity of Parent based on a value for each EBS unit so contributed of $19.00 and to sell the remaining approximately 50% of their EBS Units for cash equal to a per EBS Unit purchase price of $19.00. Immediately following the merger, Sponsor will own approximately 72.5% of Parent and the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the merger.

Background of the Merger

From time to time, the board of directors and the Company s senior management have evaluated potential strategic alternatives relating to the Company s businesses, including prospects for a potential leveraged dividend recapitalization, potential mergers and acquisitions and other potential strategic transactions, all with a view towards enhancing stockholder value. In connection with its ongoing evaluations of such strategic alternatives, the board of directors received financial updates from the Company s senior management, discussed the strategic direction of the Company and evaluated various options for continued growth.

From time to time, the Company has received preliminary expressions of interest from third parties regarding strategic transactions involving the sale of the Company. Although the Company has occasionally participated in meetings and conference calls with some of these third parties, no actual proposal to acquire the Company has been made during the past two years, except as described below. Throughout the events described below, the board of directors was kept regularly informed of developments.

In April 2010, the Company met with Party A, a widely-held public company in the information technology industry, to discuss possibilities for strategic cooperation between the two companies. During the meeting, Party A expressed an interest in discussing the strategic merits of a potential business combination with the Company. Following the execution of a confidentiality agreement, the Company s senior management met with representatives of Party A on April 26, 2010 to discuss the Company s strategic direction, products and offerings, growth prospects and organizational structure. On or about May 11, 2010, Party A informed the Company that it did not wish to pursue an acquisition of the Company due to Party A s strategic objectives and reluctance to making an acquisition of the Company s size.

On August 17, 2010, the Company s senior management and representatives of Party B, a widely-held public company in the healthcare industry, attended a meeting to discuss ongoing commercial matters between the two companies. During the meeting, representatives of Party B indicated to the Company s senior management that Party B was interested in beginning discussions regarding a potential strategic acquisition of the Company by Party B. The Company and Party B maintained an intermittent dialogue over the course of several months thereafter about the merits of a potential transaction.

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On January 5, 2011, the Company began discussions with Party C, a widely-held public company in the information technology industry, about possibilities for strategic cooperation between the two companies. During these discussions, Party C indicated that it might be interested in pursuing a strategic acquisition of the Company. The Company and Party C subsequently entered into a confidentiality agreement and maintained an intermittent dialogue over the course of several months thereafter about the merits of a potential transaction.

On January 10, 2011, the Company entered into a confidentiality agreement with Party B and met with representatives of Party B to discuss further the merits of a potential transaction. Following the meeting, Party B requested and received certain due diligence information regarding the Company.

In early March 2011, the board of directors met and discussed Party B s growing interest in acquiring the Company. The board of directors also reviewed, among other things, the general business environment in which

the Company operated, the trading multiples at which shares of Emdeon Class A common stock and the stock of

other healthcare information technology companies traded, the business opportunities reasonably available to the Company, the Company s strategic direction and prospects for growth, and other strategic alternatives available to the Company. Based on the board of directors consideration of these and other matters, the board of directors decided to retain outside advisors in connection with its exploration of strategic alternatives for the Company. Subsequently, at the direction of the board of directors, the Company engaged Morgan Stanley as its financial advisor.

On March 7, 2011, at the direction of the board of directors, representatives of Morgan Stanley contacted and had initial discussions with Party D, a widely-held public company in the healthcare industry, regarding a potential strategic acquisition of the Company by Party D. Over the course of the next several months, the Company and Party D maintained an intermittent dialogue regarding Party D s interest in meeting with the Company to discuss the merits of a potential strategic transaction.

On March 22, 2011, Party B called the Company to indicate that Party B would be willing to pay $18.50 to $18.75 per share in cash and shares of Party B s common stock to acquire the Company. During the call, Party B also proposed a timeline for the potential transaction and asked the Company to enter into an exclusivity agreement with Party B. Following the call, George I. Lazenby, IV, the Chief Executive Officer of the Company, held a conference call with the board of directors to discuss the Company s evaluation of, and response to, Party B s proposal. Following deliberations, the board of directors concluded that Party B s proposal was not sufficiently compelling and instructed the Company s senior management to continue discussions with Party B in an effort to improve the terms of Party B s proposal. The board of directors also instructed the Company s senior management to obtain advice from Hogan Lovells, the Company s antitrust counsel, regarding potential antitrust issues relating to a potential transaction with Party B.

On March 24, 2011, at the direction of the board of directors, Mr. Lazenby contacted Party B to inform Party B that its proposal, particularly relating to process and timing, was unacceptable. Also, pursuant to the instructions of the board of directors, representatives of Morgan Stanley subsequently contacted Party B s financial advisor to communicate the same message.

On April 1, 2011, Party B contacted the Company and increased its indicative purchase price for the Company to $19.25 per share, payable in cash and shares of Party B s common stock.

On April 7, 2011, the board of directors participated in a conference call with the Company s senior management and Morgan Stanley to discuss the Company s evaluation of, and response to, Party B s indicative proposal of $19.25 per share in cash and shares of Party B s common stock to acquire the Company. During the call, the board of directors considered and discussed the amount and nature of the proposed consideration, the proposed timeline for the potential transaction, other issues associated with pursuing the potential transaction with Party B as compared to the prospects of the Company remaining a stand-alone entity and other strategic alternatives available to the Company.

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At this April 7, 2011 meeting, the board of directors also reviewed with Morgan Stanley, among other things, the Company s historical stock price performance since the initial public offering of Emdeon Class A common stock (the Company IPO) , historical trading multiples of the Company relative to those of other healthcare information technology companies and processing or information services providers and equity research analysts stock price targets for the Company. Morgan Stanley noted that the closing price of Emdeon Class A common stock on April 4, 2011 was $16.37 per share, the high and low closing prices for Emdeon Class A common stock for the last 12 months ended April 4, 2011 were approximately $17.00 and $10.00 per share, respectively, and equity research analysts stock price targets for the Company that were publicly available as of April 4, 2011 ranged from $11.00 to $21.00 per share (or $10.00 to $19.00 per share as discounted to present value based on an illustrative one-year period). The board of directors also reviewed with Morgan Stanley financial matters with respect to the Company, including preliminary financial analyses of the Company based on Wall Street research analyst consensus estimates that were publicly available as of April 4, 2011. In connection with its preliminary selected public market trading multiples analysis, Morgan Stanley reviewed and compared, using publicly available information, certain current and historical financial information for the Company corresponding to current and historical financial information, ratios and public market multiples for other companies that share similar business characteristics with the Company, which preliminary analysis implied an approximate overall per share equity value reference range for Emdeon Class A common stock of $11.00 to $21.00 based on various financial data. In connection with its preliminary selected precedent transactions and premiums paid analyses, Morgan Stanley reviewed and compared purchase prices and premiums paid in selected transactions in the healthcare information technology and processing or information services sectors with transaction values of greater than $1 billion and premiums paid for U.S. public companies in transactions with transaction values of greater than $1 billion with corresponding data for the Company, which preliminary analyses implied an approximate overall per share equity value reference range for Emdeon Class A common stock of $14.00 to $26.00 based on various financial data. Morgan Stanley also reviewed preliminary illustrative leveraged buyout and discounted cash flow analyses and hypothetical discounted equity values of the Company, which implied approximate per share equity value reference ranges for Emdeon Class A common stock of $14.00 to $18.00, $17.00 to $23.00 and $15.00 to $21.00, respectively. In addition, the board of directors reviewed with Morgan Stanley potential strategic and financial acquirors that might have an interest in an acquisition of the Company and discussed the likelihood that potential strategic acquirors would be able to pay greater premiums to acquire the Company than potential financial acquirors.

After discussion of the matters considered at this April 7, 2011 meeting, the board of directors determined to continue reviewing the Company s potential strategic alternatives. The board of directors also instructed the Company s senior management and Morgan Stanley to continue discussions with Party B and its financial advisor, but to inform Party B that the terms of its revised proposal, particularly relating to process and timing, were still not acceptable.

On April 11, 2011, at the direction of the board of directors, representatives of Morgan Stanley informed Party B s financial advisor that the terms of Party B s revised proposal were not acceptable to the board of directors.

On April 13, 2011, the board of directors participated in a conference call with the Company s senior management to discuss the Company s process for continuing to explore a potential transaction with Party B. During the call, the board of directors received an update on, among other things, recent discussions between Morgan Stanley and Party B s financial advisor. At the end of the meeting, the board of directors instructed the Company s senior management to provide Party B certain additional requested due diligence information in an effort to improve Party B s revised proposal.

On April 19, 2011, a senior executive of Party C called Mr. Lazenby and informed him that Party C was unable to pursue an acquisition of the Company due to recent changes in the leadership of Party C and reluctance to making an acquisition of the Company s size.

On April 20, 2011, the Company was contacted by, and began exploratory strategic discussions with, Party E, a widely held public company in the health insurance industry. On April 22, 2011, the Company s senior management

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met with representatives of Party E and discussed the Company and its business. Subsequently, in May 2011, Party E informed the Company that it could not commit to making an acquisition of the Company s size.

On April 28, 2011, representatives of Party B met with the Company s senior management for a full-day, in-person due diligence session. At the meeting, the Company and Party B discussed, among other things, the Company s growth prospects and business strategies and potential synergies that might be achieved if the Company and Party B were combined. At the conclusion of the meeting, a senior executive of Party B informed Mr. Lazenby that Party B remained very interested in pursuing a potential strategic acquisition of the Company, and that Party B would follow up with the Company in the next few weeks regarding a definitive purchase price and Party B s timing expectations for a proposed transaction.

On May 10, 2011, a senior executive of Party B called Mr. Lazenby to confirm Party B s continued interest in potentially acquiring the Company.

On May 12, 2011, a senior executive of Party D expressed to Tracy L. Bahl, the Executive Chairman of the Company, that Party D wished to meet with the Company s senior management in connection with Party D s evaluation of a potential strategic acquisition of the Company. During this conversation, Mr. Bahl informed the senior executive of Party D that other potential acquirors also had expressed interest in acquiring the Company. In response, Mr. Bahl and the senior executive of Party D agreed that the Company and Party D should execute a confidentiality agreement and schedule a due diligence session with the Company as quickly as possible. Mr. Bahl subsequently proposed several possible meeting dates to the senior executive of Party D, but Party D did not agree to any of the proposed dates. For several weeks thereafter, the Company had intermittent discussions with Party D about scheduling a due diligence session, but Party D did not commit to meet until June 22, 2011.

On May 17, 2011, Party B informed the Company that Party B was willing to pay $19.50 per share in cash and shares of Party B s common stock to acquire the Company (with the cash component to comprise not less than 60% of the consideration). Party B indicated that, among other things, its proposed purchase price was subject to additional due diligence. Party B also requested an exclusivity period of up to 45 days to complete due diligence and negotiate and prepare a definitive agreement for the potential transaction.

On May 19, 2011, the board of directors participated in a conference call with the Company s senior management to discuss, among other things, the Company s potential strategic alternatives and a preliminary antitrust risk assessment prepared by Hogan Lovells relating to the proposed acquisition of the Company by Party B. The board of directors also reviewed a draft summary of Morgan Stanley s preliminary financial analysis that Morgan Stanley expected to present to the board of directors at its upcoming May 26th meeting, which materials had been provided by Morgan Stanley to management for its review in advance of such meeting.

On May 20, 2011, Dinyar S. Devitre, Philip M. Pead and Jim D. Kever, being the directors of the Company who were neither employees of General Atlantic, Hellman & Friedman or the Company nor members of the Company s senior management (the Outside Directors), and members of the Company s senior management participated on a conference call to discuss the Company s process for evaluating potential strategic alternatives, including a potential sale of the Company. The Outside Directors noted the fact that the GA Equityholders and the H&F Equityholders were large stockholders of the Company, which collectively hold approximately 72% of the Company s voting power, and considered the possibility that a conflict could arise between or among the GA Equityholders and/or the H&F Equityholders, on the one hand, and the other stockholders of the Company, on the other hand, during the course of negotiating a potential transaction. For example, if General Atlantic and/or Hellman & Friedman sought, in connection with such a transaction, to modify in its or their favor the Company s separate, pre-existing tax receivable agreements with certain affiliates of General Atlantic and Hellman & Friedman, each of which had been in place since the time of the Company IPO, such a conflict could exist. The Outside Directors concluded that, while no conflict existed, they believed it prudent to engage independent

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counsel for the Outside Directors in the event that such a conflict or any other conflict should arise. Following deliberations, the Outside Directors engaged King & Spalding LLP (King & Spalding) to serve as their special counsel.

At all times during the events described herein, the board of directors was aware that Mr. Devitre was a paid special advisor to General Atlantic on matters unrelated to the Company and had invested in certain General Atlantic funds (without any investment in the Company), and that Mr. Kever had been a co-investor in the Company (indirectly having an interest in respect of less than 0.2% of the Company) with General Atlantic. The board of directors did not believe that these relationships between Messrs. Devitre and Kever, on the one hand, and General Atlantic, on the other hand, were material.

Prior to a regularly scheduled board of directors meeting on May 26, 2011, the Outside Directors met separately and discussed how the Company should respond to Party B s May 17, 2011 proposal. At the meeting of the Outside Directors, representatives of King & Spalding discussed with the Outside Directors their fiduciary duties under Delaware law in connection with the Company s evaluation of a potential strategic transaction, including a potential sale of the Company.

During the May 26, 2011 meeting, the board of directors met with the Company s senior management, Morgan Stanley, Paul, Weiss, Rifkind, Wharton & Garrison LLP (Paul, Weiss), the Company s outside legal counsel, and King & Spalding to discuss Party B s May 17, 2011 proposal. At the meeting, the board of directors discussed the advantages and disadvantages of Party B s May 17, 2011 proposal, including, but not limited to, (i) the fact that the proposed consideration consisted of a mix of cash and shares of Party B s common stock and (ii) antitrust regulatory risks with respect to the combination of the Company s and Party B s respective businesses.

Also during the May 26, 2011 meeting, the board of directors discussed with Morgan Stanley, among other things, certain financial matters relating to the Company that had been discussed during its April 7, 2011 conference call, including the Company s historical stock price performance and equity research analysts stock price targets for the Company. In particular, Morgan Stanley noted that the closing price of Emdeon Class A common stock on May 23, 2011 was $14.88 per share and there was no change since the April 7th meeting in the range of approximate high and low closing prices for Emdeon Class A common stock for the last 12 months ended May 23, 2011 or in the range of equity research analysts stock price targets for the Company. Based on Wall Street research analyst consensus estimates that were publicly available as of May 23, 2011, Morgan Stanley s updated preliminary selected public market trading multiples analysis and selected precedent transactions and premiums paid analyses implied overall approximate per share equity value reference ranges for Emdeon Class A common stock of $12.00 to $21.00 and $14.00 to $26.00, respectively, based on various financial data. Morgan Stanley noted that, as updated, preliminary illustrative leveraged buyout and discounted cash flow analyses and hypothetical discounted equity values of the Company implied approximate per share equity value reference ranges for Emdeon Class A common stock of $13.00 to $17.00, $16.00 to $22.00 and $17.00 to $24.00, respectively, based on Wall Street research analyst consensus estimates and $15.00 to $21.00, $18.00 to $24.00 and $18.00 to $24.00, respectively, based on internal estimates of the Company s management. In addition, the board of directors again reviewed potential strategic and financial acquirors that might have an interest in an acquisition of the Company.

Following deliberations of the matters discussed at this May 26, 2011 meeting and the Company s prospects as a stand-alone entity and various potential alternatives available to the Company for enhancing stockholder value, including a leveraged dividend recapitalization and potential acquisition opportunities, the board of directors instructed the Company s senior management to make a counterproposal to Party B with the following terms: (i) a $20.00 per share purchase price consisting of cash and shares of Party B s common stock, with at least $16.00 per share (i.e., 80% of such purchase price) payable in cash and a collar protection mechanism with respect to the stock component to ensure that the Company s stockholders would receive $20.00 per share in actual value at closing, (ii) an agreement by Party B to (x) divest certain assets and/or accept certain regulatory remedies, if necessary, to obtain antitrust clearance for the proposed acquisition and (y) pay a ticking fee with

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respect to the $20.00 per share purchase price to compensate the Company s stockholders for the lost time value of money that would be occasioned if there were to be significant delay in obtaining such antitrust clearance, and (iii) a significant reverse termination fee, which would be payable by Party B to the Company in the event that the acquisition of the Company was not consummated due to a failure to obtain antitrust clearance, which would act as a significant incentive for Party B to agree to remedial measures sufficient to obtain antitrust clearance for the proposed acquisition. The board of directors also concluded that the Company would not agree to exclusivity with Party B.

Also, at the board of directors meeting on May 26, 2011, Paul, Weiss discussed with the board of directors its fiduciary duties under Delaware law in connection with the Company s process for evaluating potential strategic alternatives, including a potential sale of the Company.

On May 27, 2011, at the direction of the board of directors, Morgan Stanley provided Party B s financial advisor with a term sheet containing the Company s counterproposal, as described above, and indicated that the Company was not prepared to grant exclusivity to Party B.

On June 4, 2011, a senior executive of Party B informed Mr. Lazenby that the terms of the Company s counterproposal, including those relating to antitrust risk allocation, were unacceptable to Party B. The senior executive of Party B insisted that if Party B were to pursue an acquisition of the Company the antitrust risks relating to such transaction would need to be shared by both the Company and Party B.

On that same day, representatives of Morgan Stanley received a revised term sheet from Party B s financial advisor responding to the Company s counterproposal. The term sheet indicated that (i) Party B would be willing to pay $19.50 per share (consisting of $14.50 in cash and $5.00 in shares of Party B s common stock, with no collar protection mechanism) to acquire the Company, (ii) Party B would have no obligation to (x) divest assets and/or accept other regulatory remedies to obtain antitrust clearance or (y) pay a ticking fee to compensate the Company s stockholders for any delay in obtaining antitrust clearance, and (iii) no reverse termination fee would be paid by Party B if the transaction could not be consummated due to a failure to obtain antitrust clearance. In the revised term sheet, Party B also repeated its request for a 45-day exclusivity period and indicated that, while the transaction would not be conditioned on Party B s debt financing, the obligation of Party B to close the transaction would be subject to a marketing period (which would begin after all of the conditions to the transaction, including obtaining antitrust clearance, had been satisfied) for its debt financing.

Also, on June 4, 2011, the board of directors participated in a conference call to discuss Party B s June 4, 2011 proposal. The board of directors did not reach any conclusions at the meeting and agreed to meet again to discuss Party B s June 4, 2011 proposal further.

On June 5, 2011, the board of directors convened a meeting, which was also attended by the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding, to continue discussing Party B s June 4, 2011 proposal. Following deliberations, the board of directors concluded that the Company should not accept Party B s June 4, 2011 proposal, in large part because the antitrust risk allocation that Party B required the Company to bear in connection with the proposed transaction rendered the timing and closing of the proposed transaction uncertain and the consideration worth less than the nominally proposed amount. The board of directors also noted that the lack of a collar protection mechanism made the value of the consideration to be paid in the proposed transaction less certain. At the end of the call, the board of directors instructed the Company s senior management to continue to engage in negotiations with Party B for improved terms.

On June 8, 2011, the board of directors participated in a conference call at which the board of directors received an update from the Company s senior management regarding the latest developments in negotiations with Party B. At the end of the call, the board of directors instructed the Company s senior management to continue to engage in negotiations with Party B for improved terms.

On June 9, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, Paul, Weiss, Hogan Lovells and King & Spalding. During the call, the board of directors

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discussed and considered possible compromises that could be proposed to Party B to bridge the gap between the two companies positions as to value and allocation of antitrust risk. The board of directors was advised by the Company s legal advisors that, given the antitrust issues relating to the proposed acquisition of the Company by Party B, antitrust review of the transaction by government regulators could take up to 9 to 12 months and government regulators could refuse to grant antitrust clearance or seek divestitures and/or other regulatory remedies as a condition to granting antitrust clearance. Following deliberations, the board of directors observed that, by refusing to (i) divest assets and/or accept other regulatory remedies to obtain antitrust clearance, (ii) pay a ticking fee to compensate the Company s stockholders for any delay in obtaining antitrust clearance and (iii) pay a reverse termination fee if the transaction could not be consummated due to a failure to obtain antitrust clearance, Party B was effectively shifting the antitrust risk of the transaction to the Company s stockholders. At the end of the call, the board of directors instructed the Company s senior management to continue negotiations with Party B for improved terms.

On June 10, 2011, Mr. Lazenby spoke with a senior executive of Party B and indicated that to move forward in a transaction with the Company Party B would need to agree to pay a $20.00 per share purchase price, and Party B would also need either to pay a reverse termination fee in the event that the transaction could not be consummated due to a failure to obtain antitrust clearance, or agree to divest assets and/or accept other regulatory remedies to obtain antitrust clearance, so long as such actions would not result in a material adverse effect on the Company.

On June 15, 2011, representatives of Party B contacted the Company with a revised proposal, including: (i) a $19.50 per share purchase price (with the cash and stock component comprising 75% and 25%, respectively, of such purchase price), (ii) no collar protection mechanism for the stock component of the purchase price, (iii) no ticking fee to compensate the Company s stockholders for any delay in obtaining antitrust clearance, (iv) an agreement by Party B to divest, if necessary, assets having a value no greater than a specified dollar amount to obtain antitrust clearance (which specified dollar amount was less than the threshold that the Company believed could be required to obtain antitrust clearance), (v) no obligation to accept other regulatory remedies to obtain antitrust clearance and (vi) no reverse termination fee payable to the Company should antitrust clearance not be obtained. Party B also again asked for a 45-day exclusivity period and a marketing period (which would begin after all of the conditions to the transaction had been satisfied) for its debt financing. Party B further confirmed that, in considering the potential transaction, it was assuming that the Company s separate, pre-existing tax receivable agreements with the Company s senior management and with certain affiliates of General Atlantic and Hellman & Friedman, each of which had been in place since the time of the Company s initial public offering, would remain in place in accordance with their terms as part of the transaction.

Later that day, the board of directors participated in a conference call to discuss Party B s June 15, 2011 proposal with the Company s senior management, Paul, Weiss and King & Spalding. During the call, the board of directors noted that Party B s revised terms would continue to cause the Company s stockholders to bear a significant portion of the antitrust risk associated with the proposed transaction, including the risk that the Company s stockholders would not receive any compensation (or have any other remedy) if the transaction were not consummated in a timely manner or could not be consummated. The board of directors also discussed the likelihood that the process of obtaining antitrust clearance would take from 9 to 12 months and considered how the possible disruption to the Company s business for 9 to 12 months, coupled with uncertainty as to whether antitrust clearance would ultimately be obtained, could affect the Company s business. At the conclusion of the call, the board of directors instructed the Company s senior management to continue negotiations with Party B in an effort to improve Party B s proposed terms.

On June 17, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, Paul, Weiss, Hogan Lovells and King & Spalding. On the call, representatives of Paul, Weiss and Hogan Lovells reviewed their recent discussions with Party B s legal counsel regarding the outstanding antitrust issues. The board of directors noted that Party B had not yet proposed an acceptable compromise for antitrust risk allocation of a proposed transaction between the two companies, and that,

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accordingly, the board of directors continued to believe that the Company should not grant exclusivity to Party B. At the conclusion of the call, the board of directors instructed the Company s senior management to continue to negotiate with Party B for improved terms. Following the call, Mr. Lazenby communicated the Company s position again to a senior executive of Party B.

On June 19, 2011, Mr. Lazenby had a conversation with a senior executive of Party B in which Mr. Lazenby indicated that the Company would be willing to proceed toward a transaction with Party B based on the purchase price and other terms that Party B proposed on June 15, 2011, subject to reaching agreement with respect to the allocation of antitrust risk. The senior executive from Party B responded that Party B would need to consider the suggestion. Later that day, the board of directors participated in a conference call with the Company s senior management and Paul, Weiss to discuss the status of discussions with Party B.

On June 21, 2011, the Company and Party D entered into a confidentiality agreement.

Also, on June 21, 2011, a senior executive of Party B contacted Mr. Lazenby with Party B s final proposal to acquire the Company. Such senior executive of Party B informed Mr. Lazenby that Party B was willing to accept a limited obligation to divest assets to obtain antitrust clearance for the transaction, but that Party B was not willing, under any circumstance, to commit itself to any other regulatory remedies. The senior executive of Party B also stated that Party B would not be willing to perform any more work in connection with the potential transaction unless the Company entered into an agreement with Party B for a 45-day exclusivity period.

A senior managing director of The Blackstone Group and Jonathan C. Korngold, a director of the Company designated by General Atlantic, have spoken from time to time over the years, including in June 2011, about the health care industry generally and about specific companies in that industry, including the Company. On June 21, 2011, representatives of The Blackstone Group contacted Allen R. Thorpe, a director of the Company designated by Hellman & Friedman, about The Blackstone Group s potential interest in acquiring the Company. Representatives of The Blackstone Group stated that The Blackstone Group s indicative purchase price to acquire the Company was $19.00 per share in cash. Mr. Thorpe informed such representatives that he would promptly notify the Company of The Blackstone Group s preliminary proposal.

On June 22, 2011, the board of directors convened a meeting with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding to discuss the latest developments with respect to Party B, Party D and The Blackstone Group. The board of directors was updated as to The Blackstone Group s interest in acquiring the Company, and the board of directors considered factors that made a transaction with The Blackstone Group potentially attractive, including: (i) The Blackstone Group s proposal to pay all-cash consideration, (ii) the absence of any significant antitrust concerns with The Blackstone Group s potential acquisition of the Company and (iii) the likelihood that a transaction with The Blackstone Group could be consummated without significant delay. In the view of the board of directors, The Blackstone Group s proposal provided greater certainty (and therefore greater value) for the Company s stockholders than other proposals that the Company had previously received. The board of directors also considered factors that made a transaction with The Blackstone Group less attractive, such as the risk that The Blackstone Group might not be able to obtain sufficient financing to acquire the Company. Based on these and other factors, the board of directors concluded that the Company should engage in discussions with The Blackstone Group regarding The Blackstone Group s interest in acquiring the Company. The board of directors also observed that Party B s final proposal had not improved the terms for the Company in a way that addressed the Company s primary concerns with respect to antitrust risk, and that a transaction with Party B would still subject the Company s stockholders to a material risk that they would not receive any compensation (or have any other remedy) if the transaction were not consummated in a timely manner or could not be consummated. In addition, the board of directors noted that Party B still had a significant amount of due diligence yet to be completed. Accordingly, the board of directors concluded that the Company should continue to reject Party B s request for exclusivity. At the end of the meeting, the board of directors instructed the Company s senior management to (i) work with The Blackstone Group in furtherance of a potential transaction and (ii) continue negotiations with Party B to determine if improved terms could be obtained. The board of directors also instructed the Company s senior management to proceed with discussions with Party D.

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On that same day, the Company s senior management participated in a conference call with representatives of Party D to discuss the Company s strategic direction, products and offerings and growth prospects. During the call, Mr. Lazenby advised Party D that discussions with other potential acquirors were proceeding at a rapid pace and emphasized the need for Party D to indicate to the Company whether it was interested in pursuing a transaction to acquire the Company as soon as possible.

Also, on June 22, 2011, the Company negotiated and entered into a confidentiality agreement with The Blackstone Group.

On June 23, 2011 and June 24, 2011, the Company conducted a due diligence session with The Blackstone Group at which the Company provided The Blackstone Group with due diligence information regarding the Company. In the following weeks, the Company supplied The Blackstone Group and its advisors, in response to their requests, with additional due diligence information. During these discussions, The Blackstone Group was asked, when valuing the Company, to account for the Company s liabilities under its existing tax receivable agreements in accordance with their terms and to assume that such tax receivable agreements would remain in place in accordance with their terms as part of any transaction. The Blackstone Group interpreted the Company s comment to mean that the tax receivable agreements would remain outstanding with their existing terms, and The Blackstone Group did not believe there would be any changes to the obligations of the Company pursuant to the tax receivable agreements as a result of the transaction. The Blackstone Group viewed the obligations under the tax receivable agreements as liabilities, and any increase or reduction in these obligations would increase or decrease The Blackstone Group s valuation of the Company.

On June 28, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley and Paul, Weiss during which the board of directors was updated on the status of ongoing discussions with The Blackstone Group and Party B. Following deliberations, the board of directors instructed the Company s senior management to attempt to negotiate a higher purchase price with The Blackstone Group and obtain from The Blackstone Group drafts of its debt commitment papers. The board of directors also instructed the Company s senior management to continue negotiations with Party B in an effort to improve Party B s proposed terms.

On June 29, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley and Paul, Weiss to discuss further the status of ongoing discussions with The Blackstone Group and Party B.

Also, on June 29, 2011, The Blackstone Group indicated to representatives of the Company that it was willing to consider increasing its purchase price to a range of $19.00 to $19.50 per share, and that The Blackstone Group believed it would be in a position to sign a definitive agreement to acquire the Company within approximately three weeks.

In early July 2011, the board of directors discussed the potential benefit of engaging UBS as a second financial advisor, noting that, among other things, UBS s familiarity with the Company from its prior investment banking services to the Company and knowledge of and experience in the healthcare technology industry could be helpful to the Company in connection with its evaluation of potential strategic alternatives, including a potential sale of the Company. The board of directors also considered the benefit of the range of perspectives that could be provided by having more than one financial advisor. Subsequently, at the direction of the board of directors, the Company engaged UBS as co-financial advisor to the Company, along with Morgan Stanley.

On July 1, 2011, the board of directors convened a meeting with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding. At the meeting, the board of directors was updated as to The Blackstone Group s latest communications with the Company. The board of directors was also informed that no progress had been made in negotiations with Party B with respect to the allocation of antitrust risk in a potential transaction, and that Party B was still insisting on being granted a 45-day exclusivity period as a condition to moving forward with the Company. At the end of the meeting, the board of directors instructed the Company s senior management to continue negotiations with both The Blackstone Group and Party B.

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On July 7, 2011, the board of directors convened a meeting with the Company s senior management, Morgan Stanley, Paul, Weiss and Hogan Lovells. At the meeting, the board of directors was updated on recent discussions with Party B relating to antitrust risk allocation and Party B s request for a 45-day exclusivity period. The board of directors was also updated on recent discussions with The Blackstone Group, The Blackstone Group s due diligence efforts and The Blackstone Group s financing commitments. At the end of the meeting, the board of directors instructed the Company s senior management to (i) continue negotiations with Party B to determine if improved terms could be obtained and (ii) request a firm proposal, including price and other material terms, and draft financing commitment letters from The Blackstone Group.

On July 9, 2011, The Blackstone Group delivered drafts of its debt commitment papers to the Company. Subsequently, the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding reviewed these debt commitment papers and the Company responded with comments to The Blackstone Group.

On July 11, 2011, the Outside Directors met with King & Spalding to discuss the status of the discussions with The Blackstone Group and Party B.

On July 12, 2011, Paul, Weiss sent an initial draft merger agreement to Ropes & Gray LLP (Ropes & Gray), The Blackstone Group s outside legal counsel.

On July 13, 2011, Mr. Lazenby spoke with a senior executive of Party B. During this conversation, the senior executive of Party B reiterated that Party B was not willing to continue doing any work in connection with a potential transaction to acquire the Company without a 45-day exclusivity period. Mr. Lazenby responded that the Company still wanted Party B to agree to divest certain assets up to a higher threshold than the one previously proposed by Party B and/or accept certain regulatory remedies to obtain antitrust clearance to acquire the Company, and that without such agreement, the Company would not entertain entering into the exclusivity agreement that Party B had proposed.

On July 15, 2011, representatives of Party B contacted representatives of the Company to discuss Party B s request for exclusivity and were informed that the Company continued to be unwilling to grant exclusivity to Party B.

On July 18, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley and Paul, Weiss. During the call, the board of directors reviewed the progress of The Blackstone Group s due diligence and the preparation of transaction documents for the potential sale of the Company to The Blackstone Group. The board of directors also was updated by Mr. Lazenby regarding his recent discussions with a senior executive of Party B.

On July 19, 2011, acting under the instructions of the board of directors, representatives of Morgan Stanley informed Party B s financial advisor that the Company had received a proposal to acquire the Company from another party that the Company believed had greater certainty in terms of timing and closing than Party B s proposal. Subsequently, a senior executive of Party B contacted Mr. Lazenby to confirm whether the Company had indeed received another proposal. Mr. Lazenby confirmed that another party had proposed to acquire the Company, and the senior executive of Party B responded that, rather than improve its purchase price and/or provide the Company with greater certainty with respect to antitrust risk allocation, Party B would cease pursuing an acquisition of the Company.

Also, on July 19, 2011, Ropes & Gray sent a revised draft of the merger agreement to Paul, Weiss. Between July 19, 2011 and July 22, 2011, Paul, Weiss and Ropes & Gray negotiated the merger agreement, and, as a result of these negotiations, the Company and The Blackstone Group agreed to terms that provided the Company with greater certainty with respect to The Blackstone Group s debt and equity financing and provided the Company with the right to terminate the merger agreement and enter into an unsolicited superior proposal prior to the adoption of the merger agreement by the Company s stockholders. The board of directors considered the

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issues negotiated by Paul, Weiss and Ropes & Gray to be material threshold issues for its consideration of a transaction with The Blackstone Group and the agreements reached on these issues to be significant concessions by The Blackstone Group.

On July 22, 2011, The Blackstone Group informed the Company that, based on the feedback of its investment committee, The Blackstone Group remained willing to pay $19.00 per share to acquire the Company, but only if the GA Equityholders and the H&F Equityholders agreed to certain concessions, including (i) a rollover by one or both of them of an amount of equity equal to approximately 50% of the H&F Equityholders interests in the Company and (ii) an agreement to reduce significantly the payments otherwise required to be made to their affiliates under the Investors Tax Receivable Agreements (as defined in Special Factors Tax Receivable Arrangements) in accordance with the terms thereof.

Later on that same day, the board of directors participated in two conference calls with the Company s senior management, Morgan Stanley, Paul, Weiss and, on the first call only, King & Spalding to discuss The Blackstone Group s July 22, 2011 proposal. During these calls, Mr. Thorpe and Philip U. Hammarskjold, another director of the Company designated by Hellman & Friedman, informed the board of directors that Hellman & Friedman, speaking for the H&F Equityholders and other affiliates of Hellman & Friedman, was not interested in participating in an equity rollover in the potential transaction with The Blackstone Group and that these entities were unwilling to forgo any amount of payments to which their affiliates would otherwise be contractually entitled to receive under the Investors Tax Receivable Agreements with the Company. Mr. Korngold and Mark F. Dzialga, another director of the Company designated by General Atlantic, informed the board of directors that General Atlantic was unwilling to participate in an equity rollover and that the GA Equityholders and other affiliates of General Atlantic were likewise unwilling to forgo any payments due to them under the Investors Tax Receivable Agreements. Following the conference calls, these positions were communicated to The Blackstone Group.

Between July 23, 2011 and July 25, 2011, The Blackstone Group suggested various alternatives to its proposal of July 22, 2011. Under each of these alternatives, (i) the proposed purchase price would be reduced to an amount below $19.00 per share, (ii) the H&F Equityholders and/or the GA Equityholders would be required to roll over a smaller portion or none of their equity in the Company in connection with the proposed acquisition and (iii) the Company s economic obligations under the Investors Tax Receivable Agreements would be terminated in consideration of a one-time payment reflecting a significant discount to the payments the affiliates of General Atlantic and Hellman & Friedman would otherwise be entitled to receive under the Investors Tax Receivable Agreements if such agreements were terminated in accordance with their terms.

On or about July 25, 2011, the board of directors understood that The Blackstone Group made two alternative proposals to the Company. Under the first alternative proposal, the board of directors had understood that The Blackstone Group would pay $18.10 per share in cash to acquire the Company and would not require the rollover of any portion of the equity in the Company. Under the second alternative proposal, the board of directors understood that The Blackstone Group would pay $18.60 per share in cash to acquire the Company, but would require the rollover of a substantial portion of the equity in the Company. In connection with either proposal, the board of directors had understood that The Blackstone Group would pay an aggregate of up to $60.0 million to affiliates of General Atlantic and Hellman & Friedman at the time of the closing of the proposed transaction to terminate the Investors Tax Receivable Agreements, which reflected a significant discount to the payment that affiliates of General Atlantic and Hellman & Friedman would otherwise have been entitled to receive under the Investors Tax Receivable Agreements if the Investors Tax Receivable Agreements were terminated in accordance with their terms at the closing of the proposed transaction.

On July 25, 2011, Messrs. Hammarskjold and Thorpe discussed The Blackstone Group s proposals with Messrs. Dzialga and Korngold as to the requests that were specific to them. Each of them agreed that it was important to try to obtain a $19.00 per share purchase price for all of the Company s stockholders. Mr. Hammarskjold further stated that, while it was Hellman & Friedman s preference not to roll over any portion of the H&F Equityholders equity interests in the Company, Hellman & Friedman was prepared to consider a rollover of a

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significant portion of the H&F Equityholders equity interests in the Company while maintaining all of its affiliates rights under the Investors Tax Receivable Agreements in order to enable a $19.00 per share purchase price for all of the Company s stockholders. A discussion thereafter ensued regarding whether General Atlantic would be willing to forgo some or all of the payments that its affiliates were entitled to receive under the Investors Tax Receivable Agreements if such action, together with the H&F Equityholders rollover, would result in The Blackstone Group agreeing to a $19.00 per share purchase price for all of the Company s stockholders. After further discussions, Mr. Dzialga indicated that General Atlantic would be willing to consider such an approach depending on the amount and terms of the H&F Equityholders potential rollover arrangements with The Blackstone Group.

On July 26, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding. During the call, the board of directors unanimously agreed that the Company should try to obtain a $19.00 per share purchase price for all of the Company s stockholders as part of any transaction with The Blackstone Group. On the call, Mr. Hammarskjold and Mr. Dzialga informed the board of directors that the H&F Equityholders and the GA Equityholders, respectively, had neither expected nor expressed an interest in participating in any equity rollover in the transaction with The Blackstone Group, and that Hellman & Friedman and General Atlantic had not contemplated any changes to the terms of the Investors Tax Receivable

Agreements. However, Mr. Hammarskjold informed the board of directors that Hellman & Friedman was prepared to consider a rollover of a significant portion of the H&F Equityholders equity interests in the Company while

maintaining all of its affiliates rights under the Investors Tax Receivable Agreements if such action would enable a $19.00 per share purchase price for all of the Company s stockholders. Mr. Dzialga thereafter informed the board of directors that General Atlantic was prepared to consider foregoing some or all of the payments to which its affiliates were entitled under the Investors Tax Receivable Agreements if such action would enable a $19.00 per share purchase price for all of the Company s stockholders, subject to understanding the amount and terms of the H&F Equityholders potential rollover arrangements with The Blackstone Group and approval of them by the board of directors. In light of the foregoing, Mr. Hammarskjold asked the board of directors to permit Hellman & Friedman to negotiate with The Blackstone Group the terms of a rollover of a significant portion of the H&F Equityholders equity interests in the Company and the treatment in the proposed transaction of the Investors Tax Receivable Agreements, in each case, but only in exchange for The Blackstone Group agreeing to a $19.00 per share purchase price for all of the Company s stockholders. Following deliberations, the board of directors agreed to permit Hellman & Friedman to attempt to negotiate such issues with The Blackstone Group in order to determine if The Blackstone Group would agree to pay $19.00 per share in cash to the Company s stockholders, so long as all of the terms negotiated by Hellman & Friedman in respect of any equity rollover, modifications to the Investors Tax Receivable Agreements and other terms related to the proposed transaction, were fully disclosed to the board of directors.

During and immediately following the call, the Outside Directors were separately asked by Mr. Lazenby whether they would be in favor of a transaction in which The Blackstone Group paid $19.00 per share in cash to acquire the Company, and, subject to reviewing the final terms of the proposed transaction, each responded in the affirmative.

Between July 26, 2011 and August 3, 2011, the board of directors was kept apprised of developments in the negotiations of the merger agreement, including, but not limited to, agreements reached by the Company and The Blackstone Group with respect to the representations and warranties of the parties to the merger agreement, the financing covenants and related definitions in the merger agreement and the termination fee and reverse termination fee. During the same period, the board of directors was also kept apprised of developments in the negotiations of the arrangements between each of General Atlantic and Hellman & Friedman, on the one hand, and The Blackstone Group, on the other hand, including, but not limited to, the agreements by General Atlantic and Hellman & Friedman to the terms of their respective voting agreements, the negotiations between Hellman & Friedman and The Blackstone Group with respect to their interim investors agreement and related documents pursuant to which the H&F Equityholders were to effect an equity rollover, and the negotiations among General Atlantic, Hellman & Friedman and The Blackstone Group with respect to the proposed amendments to the Investors Tax Receivable Agreements.

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On July 27, 2011, The Wall Street Journal published a story that The Blackstone Group was in advanced negotiations to acquire the Company. Following such publication, one of the Company s directors was contacted by a representative of Party F, a private equity firm, to inquire about the Company s sale process. Party F did not subsequently communicate any interest in acquiring the Company.

On July 29, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, UBS, Paul, Weiss and King & Spalding. During the call, Messrs. Hammarskjold and Thorpe summarized for the board of directors the terms of a potential transaction that The Blackstone Group had communicated to Hellman & Friedman, which terms were: (i) The Blackstone Group would pay all of the Company s stockholders $19.00 per share in cash, with the exception of certain shares of Emdeon common stock that the H&F Equityholders would roll over in connection with the proposed transaction, (ii) the H&F Equityholders would commit to roll over $330 million, or approximately 50%, of their equity in the Company (subject to a potential reduction of such commitment to not less than $245 million pursuant to a contemplated equity syndication of The Blackstone Group s and Hellman & Friedman s respective equity commitments, which syndication would be conducted by The Blackstone Group prior to closing and may include co-investors that are funds affiliated with The Blackstone Group) at the $19.00 per share purchase price (which rollover would result in the H&F Equityholders owning up to approximately 27.5% of the Company following the transaction), (iii) affiliates of Hellman & Friedman would retain their rights to payments under the Investors Tax Receivable Agreements, subject to certain amendments to the Investors Tax Receivable Agreements that would have the effect of potentially reducing the amounts payable to affiliates of Hellman & Friedman thereunder both (x) upon consummation of the proposed transaction and (y) upon any future change of control of the Company, and (iv) affiliates of General Atlantic would agree to transfer to affiliates of The Blackstone Group and forgo all of the payments that they were entitled to receive under the Investors Tax Receivable Agreements in respect of periods from and after the closing, which payments were estimated on a gross basis to be approximately $125 million to $169 million, payable over 15 or more years. The board of directors then discussed The Blackstone Group s revised proposal with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding. The board of directors also considered the risk that The Blackstone Group might not be able to obtain the financing necessary to acquire the Company.

During the call, the board of directors also inquired as to recent developments with Party B and was informed that Party B had indicated to Mr. Lazenby that it had become aware of the advanced discussions between the Company and The Blackstone Group as a result of The Wall Street Journal story, but did not intend to improve upon the terms that it had previously proposed to the Company. The board of directors then reviewed Party B s proposed terms again with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding, noting that all of the issues, including the issues relating to timing, value, exclusivity and allocation of antitrust risk, which the board of directors previously had considered unacceptable, remained unresolved. Based on such review and a comparison of Party B s proposed terms with The Blackstone Group s proposed terms, the board of directors concluded that the Company should proceed with the negotiation of a potential transaction with The Blackstone Group.

Following these discussions, Mr. Dzialga informed the board of directors that General Atlantic would be willing to support a transaction with The Blackstone Group on substantially the terms previously communicated to the board of directors, and that, notwithstanding their rights under the Investors Tax Receivables Agreements and that they had no obligation whatsoever to forgo such rights, General Atlantic would, in the context of this transaction and based on the conclusion that its concessions were necessary for The Blackstone Group to agree to a transaction at $19.00 per share, and that this transaction was the value-maximizing alternative for all of the Company s stockholders (including the GA Equityholders), agree to transfer to affiliates of The Blackstone Group all of the payments that affiliates of General Atlantic were entitled to receive under the Investors Tax Receivable Agreements, in respect of periods from and after the closing, in order to obtain a $19.00 per share purchase price for all of the Company s stockholders. Thereafter, the Outside Directors stated that they would be in favor of a transaction with The Blackstone Group on these terms.

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Also, on July 29, 2011, a representative of Party D called Mr. Bahl to confirm that Party D was unable to pursue an acquisition of the Company due to competing priorities and Party D s reluctance to making an acquisition of the Company s size.

Between July 29, 2011 and August 3, 2011, the Company and Paul, Weiss continued to negotiate provisions of the merger agreement with The Blackstone Group and Ropes & Gray. Throughout this period, Paul, Weiss briefed King & Spalding on the negotiations with respect to the merger agreement and received comments from King & Spalding on the merger agreement on behalf of the Outside Directors.

On July 31, 2011, the Outside Directors participated in a conference call with King & Spalding to discuss the status of the Company s negotiations with The Blackstone Group. During the call, the Outside Directors discussed the outstanding issues that remained unresolved in the merger agreement at that time. The Outside Directors also discussed the prospects of other bidders making a competitive proposal to acquire the Company and the process for the Company s consideration of any competing proposal.

Also, on July 31, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, UBS, Paul, Weiss and King & Spalding to discuss the status of the Company s negotiations with The Blackstone Group. During the call, representatives of Paul, Weiss provided the board of directors with a summary of, and discussed with the board of directors, some of the unresolved terms in the merger agreement. Messrs. Hammarskjold and Thorpe then recused themselves from the call and the board of directors entered into a special session. The Outside Directors were again asked whether they supported the proposed transaction with The Blackstone Group. After discussion, the Outside Directors confirmed that they were in favor of the proposed transaction with The Blackstone Group. During such special session, the board of directors also was informed that neither Party B nor Party D had renewed any efforts to acquire the Company, even though there had been news reports published about the Company s negotiations with The Blackstone Group, and that no other party expressed serious interest in the Company following such reports.

On August 3, 2011, the board of directors convened a meeting with the Company s senior management, Morgan Stanley, UBS, Paul, Weiss and King & Spalding to consider entering into a merger agreement with The Blackstone Group. During the meeting, representatives of Paul, Weiss provided the board of directors with a review of the Company s process for exploring strategic alternatives, describing in particular the Company s past contacts with potential strategic and financial acquirors and the Company s negotiations with Party B and The Blackstone Group. Representatives of Paul, Weiss also reviewed the board of directors fiduciary duties in the context of evaluating the proposed transaction with The Blackstone Group. Representatives of Paul, Weiss then summarized in detail the terms by which The Blackstone Group would acquire the Company in a merger, as well as the terms of certain other transactions relating to such merger involving the GA Equityholders, the H&F Equityholders and The Blackstone Group, including, but not limited to, the transfer by affiliates of General Atlantic of their rights under the Investors Tax Receivable Agreements to affiliates of The Blackstone Group (other than rights to receive certain payments of up to $2.75 million, which affiliates of General Atlantic retained) and the concession by the H&F Equityholders to roll a portion of their equity in the Company. Also at this meeting, each of Morgan Stanley and UBS separately reviewed with the board of directors its financial analysis of the $19.00 per share merger consideration and delivered to the board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion letter dated August 3, 2011, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its opinion, the $19.00 per share merger consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement was fair, from a financial point of view, to such holders. Thereafter, Messrs. Hammarskjold and Thorpe recused themselves from the meeting, and the board of directors entered into a special session. During such special session, the Outside Directors and Messrs. Bahl, Lazenby, Dzialga and Korngold discussed the terms for the equity rollover that Hellman & Friedman had agreed to with The Blackstone Group (which rollover would result in the H&F Equityholders owning up to approximately 27.5% of the Company following the transaction) and the proposed amendments to the Investors Tax Receivable Agreements for affiliates of Hellman & Friedman (which amendments addressed, without

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limitation, certain matters with respect to a restructuring contemplated by the Investors Tax Receivable Agreements and included changes that generally would have the effect of potentially reducing the amounts payable to affiliates of Hellman & Friedman under the Investors Tax Receivable Agreements both (x) upon consummation of the transaction and (y) upon any future change of control of the Company). At the end of such special session, the Outside Directors and Messrs. Bahl, Lazenby, Dzialga and Korngold voted unanimously in favor of the merger and the merger agreement. Subsequently, Messrs. Hammarskjold and Thorpe rejoined the meeting, and the board of directors, with all of its members voting, unanimously determined that it was advisable and in the best interests of the Company and its stockholders to approve the merger with The Blackstone Group and resolved to recommend to the Company s stockholders that they vote in favor of the merger and the adoption of the merger agreement with The Blackstone Group.

Following the meeting, the Company and The Blackstone Group entered into the merger agreement. The merger agreement was publicly announced on the morning of August 4, 2011.

Recommendation of Our Board of Directors; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger

On August 3, 2011, after careful consideration, the entire board of directors, voted unanimously to (i) approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, (ii) declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement, (iii) direct that the adoption of the merger agreement be submitted to a vote at a meeting of the stockholders of the Company and (iv) recommend to the stockholders of the Company that they vote **FOR** the adoption of the merger agreement. The foregoing actions were also approved by a separate, unanimous vote of all of the directors of the Company other than those directors designated by Hellman & Friedman (the unaffiliated directors).

In evaluating the merger, the board of directors consulted with the Company s senior management and outside legal and financial advisors and, in reaching its determination, the board of directors considered a number of factors that it believed supported its decision to approve and recommend the merger agreement and the merger, including, but not limited to, the following:

- the $19.00 per share to be paid in respect of each share of Emdeon Class A common stock, which purchase price represents (i) a premium of approximately 44.2% over the closing price of Emdeon Class A common stock on Wednesday, July 26, 2011, the last trading day prior to the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company, (ii) a premium of approximately 43.0% over the average closing price of Emdeon Class A common stock for the 30 trading days ended Wednesday, July 26, 2011, and (iii) a premium of approximately 16.9% over the closing price of Emdeon Class A common stock on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011;

- the current and historical market prices for the Emdeon Class A common stock, including those set forth in the table in the section captioned Markets and Market Price, which has not closed over $19.00 since the Company IPO;

- the Emdeon Class A common stock traded as low as $9.95 during the 52 weeks prior to the announcement of the execution of the merger agreement;

- the fact that the board of directors believed that the $19.00 per share price to be paid in respect of each share of Emdeon Class A common stock was the highest price that The Blackstone Group would be willing to pay and represented the best value reasonably available to the Company s unaffiliated stockholders, and that (i) Hellman & Friedman s agreement to roll over a significant portion of the H&F Equityholders equity interests in the Company and (ii) General Atlantic s agreement to transfer all of their affiliates contractual rights to receive payments under the Investors Tax Receivable

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Agreements attributable to periods after the consummation of the merger to affiliates of The Blackstone Group were necessary in order to obtain such $19.00 per share price for all of the Company s stockholders;

the fact that the consideration to be paid in the proposed merger is all cash, which provides certainty of value and liquidity to the unaffiliated stockholders and allows the unaffiliated stockholders not to be exposed to the risks and uncertainties relating to the prospects of the Company (including the prospects described in management s projections summarized under Special Factors Projected Financial Information beginning on page 71);

the possibility that it could take a considerable period of time before, and that there could be significant uncertainty as to whether, the trading price of Emdeon Class A common stock would reach and sustain a trading price of at least equal to the per share merger consideration of $19.00, as adjusted for present value;

the board of directors belief that the merger is desirable at this time, as compared with other times in the Company s operating history, based on its knowledge of the business, operations, management, financial condition, earnings and prospects of the Company, including, but not limited to, the prospects of the Company as a stand-alone company and the public market s valuation of the Company as a stand-alone company, the potential challenges of achieving future organic growth of the Company, and the risk that increased competition for potential future acquisitions might further limit the Company s growth opportunities;

the possible alternatives to the merger, including, but not limited to, selling the Company to another acquiror, continuing as a stand-alone company or effecting a leveraged recapitalization, which alternatives the board of directors evaluated with the assistance of the Company s senior management and advisors and determined were likely to be less favorable to the Company s stockholders than the merger given the potential risks and uncertainties associated with those alternatives;

the separate opinions and financial presentations of Morgan Stanley and UBS, dated August 3, 2011, to the board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the $19.00 per share merger consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement, as more fully described in the section below under the captions Special Factors Opinion of Morgan Stanley & Co. LLC beginning on page 40 and Special Factors Opinion of UBS Securities LLC beginning on page 49;

the likelihood that the merger would be completed based on, among other things (not in any relative order of importance):

- the board of directors belief that the debt and equity financing required for the merger will be obtained, given (i) the fact that Parent had obtained commitments for such debt and equity financing, (ii) the limited number and nature of the conditions to such debt and equity financing, (iii) the reputation of the financing sources and (iv) the obligation of Parent to use reasonable best efforts to obtain such debt and equity financing;
- the absence of a financing condition in the merger agreement;
- the likelihood and anticipated timing of completing the merger in light of the scope of the closing conditions;
- the fact that no significant antitrust or other regulatory issue exists and that the required antitrust approval is expected to be obtained;

- the fact that (i) Parent will be required to pay to the Company a reverse termination fee of $80.0 million or $153.0 million if the merger agreement is terminated under certain circumstances,

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(ii) the Company will not need to prove damages as a condition to receiving such reverse termination fee and (iii) Sponsor has guaranteed Parent s obligation to pay such reverse termination fee;

- the Company s right to seek specific performance of Parent s obligations under the merger agreement, including, under certain circumstances, specific performance of Parent s obligations to cause (i) Sponsor to make the cash equity contribution to Parent pursuant to the equity commitment letter and (ii) the H&F Equityholders to make the Rollover Investment pursuant to the Rollover Letter and the interim investors agreement;

- the reputation of The Blackstone Group and The Blackstone Group s ability to complete large acquisition transactions; and

- Sponsor s execution of a limited guarantee in favor of the Company guaranteeing, subject to the limitations described therein, the payment of certain payment obligations that may be owed by Parent pursuant to the merger agreement, including the payment of any reverse termination fee that may become payable following termination of the merger agreement by the Company in specified circumstances, subject to an overall cap of $163.0 million.

the other terms of the merger agreement and the related agreements, including:

- the board of directors ability to withhold, withdraw, qualify or modify its recommendation that the Company s stockholders vote to adopt the merger agreement, subject to certain conditions in the merger agreement;

- the board of directors ability to (i) respond to takeover proposals and (ii) terminate the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, in each case, subject to certain conditions in the merger agreement, including in the case of a termination of the merger agreement, the payment of a termination fee of $65.0 million by the Company;

- the termination fee of $65.0 million payable by the Company to Parent under certain circumstances, including as described above, in connection with a termination of the merger agreement, which the board of directors concluded was reasonable in the context of termination fees payable in comparable transactions and considering the overall terms of the merger agreement, including the per share merger consideration of $19.00;

- the fact that the voting agreements entered into by the GA Equityholders and H&F Equityholders with Parent will terminate automatically if (i) the merger agreement is terminated for any reason, including a termination of the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, or (ii) the board of directors withholds, withdraws, qualifies or modifies its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent; and

- the availability of appraisal rights under the DGCL to the unaffiliated stockholders who comply with all of the required procedures under the DGCL, which allows such holders to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Delaware Court of Chancery.

The merger is not structured such that approval of at least a majority of the Company s unaffiliated stockholders is required. Nevertheless, the board of directors believed that sufficient procedural safeguards were and are present to ensure the fairness of the merger and to permit the board of directors to represent effectively the interests of the Company s unaffiliated stockholders. These procedural safeguards include, but are not limited to, the following:

the fact that the unaffiliated directors, in a separate vote taken at a time when the directors designated by Hellman & Friedman had recused themselves from the board of directors meeting, unanimously

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approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

the recognition by the unaffiliated directors that they, collectively representing a majority of the board of directors, had the authority not to approve the merger or any other transaction;

the fact that each of the Outside Directors voted to approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

the fact that the board of directors was advised by Morgan Stanley and UBS, as financial advisors, and Paul, Weiss, as legal advisor, each an internationally recognized firm selected by the board of directors;

the fact that the Outside Directors were separately advised by King & Spalding, as legal advisor, an internationally recognized firm selected by the Outside Directors;

the fact that the Outside Directors met separately with King & Spalding during the course of negotiations with The Blackstone Group to review the Company s process for considering the proposed merger and the proposed agreements among affiliates of The Blackstone Group, the GA Equityholders and the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements;

the significant concessions made by the affiliates of GA Equityholders, collectively the largest stockholders of the Company, to transfer to affiliates of The Blackstone Group and forgo contractual payments of considerable value that their affiliates were entitled to under the Investors Tax Receivable Agreements in order to secure the per share merger consideration of $19.00 for all of the Company s stockholders; and

the significant concessions made by affiliates of the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements and by the H&F Equityholders to roll over approximately 50% of their equity interests in the Company, in each case, to secure the per share merger consideration of $19.00 for all of the Company s stockholders.

In the course of its deliberations, the board of directors also considered a variety of risks and other countervailing factors related to the merger agreement and the merger, including, but not limited to, the following:

the risk that the merger might not be completed in a timely manner or at all, including the risk that the merger might not be completed because the financing contemplated by the acquisition financing commitments, described under the caption Special Factors Financing of the Merger beginning on page 75, is not obtained, as Parent does not on its own possess sufficient funds to complete the merger;

the risk that all of the conditions to the parties obligations to effect the merger will not be satisfied prior to the termination date set forth in the merger agreement;

the fact that the Company s unaffiliated stockholders will not have any equity in the surviving company following the merger, meaning that the Company s unaffiliated stockholders will cease to participate in the Company s future earnings or growth, or to benefit from any increases in the value of the equity in the Company;

the restrictions on the conduct of the Company s business prior to the completion of the merger, which may delay or prevent the Company from pursuing business opportunities that may arise or taking any other action it would otherwise take with respect to its business operations;

the risk that, while the closing of the merger is pending, there could be disruptive effects on the business, customer relationships and employees of the Company;

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the fact that the Company could be required to pay a termination fee of $65.0 million if the merger agreement was terminated under certain circumstances, including, but not limited to, a termination of the merger agreement by Parent after the board of directors had withheld, withdrawn, qualified or modified its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent;

the possibility that the termination fee of $65.0 million payable by the Company upon the termination of the merger agreement under certain circumstances could discourage potential acquirors from making a competing bid to acquire the Company;

the fact that the Company will be required, if the proposed merger is not completed, to pay its own expenses associated with the merger agreement, the merger and the other transactions contemplated by the merger agreement;

the fact that (i) Parent and Merger Sub are newly formed corporations with essentially no assets other than the equity commitments of Sponsor and the rollover commitments of the H&F Equityholders, (ii) the Company s remedy in the event of breach of the merger agreement by Parent or Merger Sub could be limited to receipt of the reverse termination fee of $80.0 million or $153.0 million, as applicable, and (iii) under certain circumstances, the Company would not be entitled to any reverse termination fee if the merger agreement was terminated;

the fact that there are voting agreements pursuant to which the GA Equityholders and the H&F Equityholders have agreed to vote shares of Emdeon common stock representing approximately 72% of the outstanding shares of Emdeon common stock;

the fact that an all cash transaction would be taxable to the Company s stockholders that are U.S. holders for U.S. federal income tax purposes; and

the fact that (i) certain of our directors and executive officers and (ii) the GA Equityholders and the H&F Equityholders have interests in the transaction that are different from, or in addition to, those of our unaffiliated stockholders; see the section captioned Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 82 and Special Factors Tax Receivable Arrangements beginning on page 88.

In evaluating the merger and in reaching its determination as to the fairness of the transactions contemplated by the merger agreement, the board of directors considered the factors set forth above, including an evaluation of the going concern value of the Company.

The board of directors adopted the analyses and conclusions of Morgan Stanley and UBS, among other factors considered, in reaching its determination as to the fairness of the proposed merger. The board of directors also noted that the opinions of Morgan Stanley and UBS related to the merger consideration to be received by unaffiliated stockholders of the Company as well as potentially certain affiliated stockholders of the Company, including certain directors of the Company and members of the Company s senior management. The fact that the opinions of Morgan Stanley and UBS also related to the merger consideration to be received by potentially certain affiliated stockholders of the Company did not affect the fairness determination of the board of directors with respect to the unaffiliated stockholders of the Company because all such persons are entitled to receive the same merger consideration.

In reviewing Morgan Stanley s hypothetical leveraged buyout analysis, which is summarized under Special Factors Opinion of Morgan Stanley & Co. LLC Illustrative Leveraged Buyout Analysis beginning on page 45, the board of directors noted that Morgan Stanley assumed an exit date of December 31, 2015 and understood implicitly that variations in financial assumptions and methodologies used by Morgan Stanley, including such exit date, could have impacted the results of Morgan Stanley s analysis. The board of directors did not consider whether using a different exit date would have materially impacted Morgan Stanley s hypothetical leveraged buyout analysis because that review had not been undertaken. Also, in reviewing the

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proposed merger, the board of directors noted the implied multiples for the Company based on the $19.00 per share merger consideration relative to multiples and multiple ranges for other companies set forth in the Selected Public Company Analysis and the Selected Transactions Analysis performed by UBS, which is summarized under Special Factors Opinion of UBS Securities LLC Emdeon Financial Analysis beginning on page 51. Such information was considered by the board of directors in its review, but was not specifically discussed by the board of directors at its meeting on August 3, 2011 because the board of directors, from time to time, previously had discussed the lower trading multiples of the Company as compared to its public market peers, which was primarily attributed to the broad and complex nature of the Company s offerings and the resulting potential challenges in achieving future organic growth.

The board of directors did not consider liquidation value as a factor because it considers the Company to be a viable going concern business and the trading history of the Emdeon Class A common stock to generally be an indication of its value as such. In addition, due to the fact that the Company is being sold as a going concern, the board of directors did not consider the liquidation value of the Company relevant to a determination as to whether the proposed merger is fair to the Company s unaffiliated stockholders as the board of directors believed the value of the Company s assets that might be realized in a liquidation would be significantly less than its going concern value. Further, the board of directors did not consider net book value a material indicator of the value of the Company because it believed that net book value reflects historical costs and not the value of the Company as a going concern. The Company s net book value per diluted share was $8.91 as of June 30, 2011, which is substantially below the per share merger consideration.

The foregoing discussion of the factors considered by the board of directors is not intended to be exhaustive, but rather includes the principal factors considered by the board of directors. The board of directors and, separately, the unaffiliated directors, collectively reached the conclusion to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement in light of the various factors described above and other factors that the members of the board of directors believed were appropriate. The board of directors was aware that relationships existed between each of Morgan Stanley and UBS, on the one hand, and The Blackstone Group and the Company, on the other hand. In view of the wide variety of factors considered by the board of directors in connection with its evaluation of the proposed merger and the complexity of these matters, the board of directors did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of the board of directors. Rather, the board of directors made its recommendation based on the totality of information that it reviewed and the investigation that it conducted. In considering the factors discussed above, individual members of the board of directors may have given different weights to different factors. In light of the procedural protections described above, and given the unaffiliated directors majority status and the engagement of King & Spalding by the Outside Directors, the board of directors did not consider it necessary to retain an unaffiliated representative to act solely on behalf of the Company s unaffiliated stockholders for purposes of negotiating the terms of the merger agreement or preparing a report concerning the fairness of the merger agreement and the merger, nor did the board of directors consider it necessary to make any provision to grant unaffiliated stockholders access to the Company s corporate files or to obtain counsel or appraisal services for unaffiliated stockholders.

In connection with the consummation of the merger, certain of the Company s directors may receive benefits and compensation that may differ from the per share merger consideration you would receive. See Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 82.

Our Board of Directors recommends that the stockholders of the Company vote FOR the adoption of the merger agreement.

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Opinion of Morgan Stanley & Co. LLC

Morgan Stanley was retained by the board of directors to act as its financial advisor in connection with the proposed merger. The board of directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expertise and reputation and its knowledge of the business and affairs of the Company. On August 3, 2011, Morgan Stanley rendered its oral opinion, which was confirmed in writing, to the board of directors that, as of that date, and based upon and subject to the assumptions made, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth in its opinion, the $19.00 per share merger consideration to be received by the holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of Morgan Stanley s written opinion to the board of directors, dated August 3, 2011, is attached as Appendix C to this Proxy Statement. Holders of Emdeon common stock should read the opinion in its entirety for a discussion of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Morgan Stanley in rendering the opinion. This summary is qualified in its entirety by reference to the full text of such opinion. Morgan Stanley s opinion is directed to the board of directors and addressed only the fairness from a financial point of view of the consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement as of the date of the opinion and did not address any other aspects of the merger. The opinion does not constitute a recommendation to any stockholder of the Company on how to vote at any stockholders meeting to be held in connection with the merger or take any other action with respect to the proposed merger.

In arriving at its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of the Company;
- reviewed certain internal financial statements and other financial and operating data concerning the Company;
- reviewed certain financial projections prepared by the Company s management;
- discussed the past and current operations and financial condition and the prospects of the Company with senior executives of the Company;
- reviewed the reported prices and trading activity for Emdeon Class A common stock;
- compared the financial performance of the Company and the prices and trading activity of Emdeon Class A common stock with that of certain other publicly-traded companies comparable with the Company, and their securities;
- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- participated in certain discussions and negotiations among representatives of the Company and The Blackstone Group and certain parties and their financial and legal advisors;
- reviewed the merger agreement, the draft equity commitment letter from Sponsor substantially in the form of the equity commitment letter dated August 3, 2011 and the draft debt commitment letter from certain lenders substantially in the form of the debt commitment letter dated August 3, 2011 (such equity and debt commitment letters referred to as, the commitment letters), and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made

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available to Morgan Stanley by the Company, and formed a substantial basis for its opinion. With respect to the financial projections, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the Company s management of the future financial performance of the Company. In addition, Morgan Stanley assumed that the merger would be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, that (i) except as otherwise provided in connection with the Rollover Investment, all EBS Units that are not held by the Company and corresponding shares of Emdeon Class B common stock would be exchanged, in accordance with the provisions of the operating agreement of EBS Master, into shares of Emdeon Class A common stock on a one-for-one basis prior to the closing of the merger and (ii) Parent would obtain financing in accordance with the terms set forth in the commitment letters. Morgan Stanley also assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions would be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger.

For the avoidance of doubt, Morgan Stanley also expressed no opinion as to the relative fairness of any portion of the consideration to holders of any series of common or other equity securities of the Company or of EBS Master. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of the Company and its legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no view on, and its opinion did not address, any term or aspect of the merger agreement or the merger (other than the $19.00 per share merger consideration to the extent expressly specified in its opinion), any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into in connection with the merger or any matters relating to EBS Units that are not held by the Company and corresponding shares of Emdeon Class B common stock, including, without limitation, any aspect or implication of the Rollover Investment, the consideration payable for EBS Units pursuant to the Rollover Investment or tax receivable agreements or arrangements relating to EBS Units. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of the Company s officers, directors or employees, or any class of such persons, relative to the merger consideration to be received by the holders of shares of Emdeon Class A common stock in the merger. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of the Company, nor was Morgan Stanley furnished with any such valuations or appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, the date of its opinion. Events occurring after the date of its opinion may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion. Morgan Stanley s opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with preparation of its opinion to the board of directors. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley s opinion.** For purposes of its financial analyses, Morgan Stanley relied on two sets of projections with the Company s authorization: a case based on consensus Wall Street research analyst estimates, referred to as the street case, and a case based on projections from the Company s management, referred to as the management case. The management case projections utilized by Morgan Stanley in connection with its financial analyses are summarized under the caption Special Factors Projected Financial Information beginning on page 71.

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The Company s Trading Range

Morgan Stanley reviewed the historical trading range of Emdeon Class A common stock for various periods ended August 2, 2011. Morgan Stanley noted that, as of August 2, 2011, the closing price of Emdeon Class A common stock was $14.99 per share and that, for the last 12 months ended July 26, 2011 (the last trading day prior to publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company), the high and low closing prices for Emdeon Class A common stock was approximately $17.00 and $10.00 per share, respectively.

Equity Research Share Price Targets

Morgan Stanley reviewed stock price targets for Emdeon Class A common stock prepared and published by equity research analysts. These targets reflect each analyst s estimate of the future public market trading price of Emdeon Class A common stock and were not discounted to present value. Morgan Stanley noted a range of undiscounted stock price targets for Emdeon Class A common stock as of July 26, 2011 of approximately $11.00 to $21.00 per share. In order to better compare the published stock price targets with the merger consideration, Morgan Stanley discounted such stock price targets to present value (as of August 2, 2011) by applying for an illustrative one-year discount period a discount rate of 10.0%, which was selected based on Morgan Stanley s professional judgment and taking into consideration, among other things, the Company s assumed cost of equity calculated utilizing a capital asset pricing model, which is a financial valuation method that takes into account both returns in equity markets generally and volatility in a company s common stock. This calculation indicated a range of stock price targets for Emdeon Class A common stock of approximately $10.00 to $19.00 per share. The public market trading price targets published by securities research analysts do not necessarily reflect current market trading prices for the Emdeon Class A common stock and these estimates are subject to uncertainties, including the future financial performance of the Company and future financial market conditions.

Selected Public Market Trading Multiples Analysis

Morgan Stanley reviewed and compared, using publicly available information, certain current and historical financial information for the Company corresponding to current and historical financial information, ratios and public market multiples for other companies that share similar business characteristics with the Company. The following list sets forth the selected companies that were reviewed in connection with this analysis, including four revenue cycle management companies, four clinical companies and two pharmacy benefit managers in the healthcare services industry and four payment processing companies:

Revenue Cycle Management Companies	Clinical Companies	Pharmacy Benefit Managers	Payment Processing Companies
Accretive Health, Inc.	Allscripts Healthcare Solutions, Inc.	Express Scripts, Inc.	Automatic Data Processing, Inc.
athenahealth, Inc.	Cerner Corporation	Medco Health Solutions, Inc.	MasterCard Incorporated
HMS Holdings Corp.	Computer Programs and Systems, Inc.		Solera Holdings, Inc.
MedAssets, Inc.	Quality Systems, Inc.		Visa Inc.

Morgan Stanley reviewed the following statistics for comparative purposes:

- the ratio of the aggregate value, defined as market capitalization plus total debt and minority interest less cash and cash equivalents, to calendar year 2011 estimated earnings before interest, income taxes, depreciation and amortization, referred to as EBITDA;
- the ratio of aggregate value to calendar year 2011 EBITDA to the projected annual EBITDA growth rate between calendar years 2011 and 2013, referred to as growth-adjusted EBITDA; and

the ratio of stock price to calendar year 2011 estimated earnings per share, referred to as EPS.

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The following table sets forth the 2011 estimated EBITDA, growth-adjusted EBITDA and EPS trading multiples observed for each selected company that were reviewed by Morgan Stanley for purposes of its analyses as well as certain other informational data, including closing share prices, implied equity and aggregate values and EBITDA growth rates between calendar years 2011 and 2013 for the selected companies, in each case based on publicly available research analysts estimates and public filings (references in the table below to NA indicate that such information was not publicly available):

	Closing Share Price (8/2/11)	Equity Value *(in millions)*	Aggregate Value *(in millions)*	Aggregate Value as Multiple of 2011 EBITDA	2011-2013 EBITDA Growth Rate	Aggregate Value as Multiple of 2011 Growth-Adjusted EBITDA	Closing Stock Price as Multiple of 2011 EPS
Revenue Cycle Management Companies							
Accretive Health, Inc.	$ 30.14	$ 3,202	$ 3,083	38.1x	49.5%	0.77x	68.3x
athenahealth, Inc.	$ 59.43	$ 2,184	$ 2,079	31.3x	29.7%	1.06x	70.6x
HMS Holdings Corp.	$ 71.99	$ 2,120	$ 2,002	18.2x	20.0%	0.91x	40.7x
MedAssets, Inc.	$ 12.29	$ 736	$ 1,646	8.6x	15.3%	0.56x	12.8x
Clinical Companies							
Allscripts Healthcare Solutions, Inc.	$ 16.74	$ 3,184	$ 3,487	8.9x	13.6%	0.65x	18.6x
Cerner Corporation	$ 64.44	$ 11,109	$ 10,542	15.5x	17.2%	0.90x	35.2x
Computer Programs and Systems, Inc.	$ 72.00	$ 797	$ 772	18.4x	11.9%	1.55x	30.1x
Quality Systems, Inc.	$ 88.50	$ 2,612	$ 2,487	18.3x	21.5%	0.85x	33.3x
Pharmacy Benefit Managers							
Express Scripts, Inc.	$ 52.54	$ 28,092	$ 29,820	10.5x	13.0%	0.81x	16.5x
Medco Health Solutions, Inc.	$ 55.78	$ 22,712	$ 27,569	8.7x	7.7%	1.13x	13.6x
Payment Processing Companies							
Automatic Data Processing, Inc.	$ 49.60	$ 25,092	$ 23,374	10.8x	8.8%	NA	18.8x
MasterCard Incorporated	$ 298.49	$ 38,162	$ 34,141	9.9x	13.4%	0.74x	17.5x
Solera Holdings, Inc.	$ 55.34	$ 3,948	$ 4,677	14.3x	NA	NA	21.0x
Visa Inc.	$ 83.56	$ 69,692	$ 66,016	11.1x	13.5%	0.82x	16.2x

Based on its professional judgment and taking into consideration, among other things, the observed multiples for the selected companies, Morgan Stanley applied representative ranges of financial multiples of 2011 estimated EBITDA of 8.5x to 11.0x, 2011 estimated growth-adjusted EBITDA of 0.85x to 1.10x and 2011 estimated EPS of 15.0x to 20.0x derived from the selected companies to the Company s 2011 estimated Adjusted EBITDA, growth-adjusted EBITDA and adjusted EPS, respectively, based on the street case, which case was utilized for purposes of this analysis given that the financial data for the selected companies also were based on publicly available research analysts estimates and public filings. Adjusted EBITDA refers to EBITDA excluding non-recurring items and stock-based compensation expense and adjusted EPS refers to EPS excluding non-recurring items, non-cash interest expense, transaction-related amortization and stock-based compensation expense. The following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges			
2011E Adjusted EBITDA	2011E Growth-Adjusted EBITDA	2011E Adjusted EPS	Per Share Merger Consideration
$14.00 - $21.00	$ 11.00 - $17.00	$ 15.00 - $20.00	$ 19.00

No company utilized in this analysis is identical to the Company. In evaluating the selected companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the Company, such as the impact of competition on the business of the Company and the industry generally, industry growth and the absence of any material adverse change in the financial condition and prospects of the Company or the industry

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or in the financial markets in general, which could affect the public trading value of the companies selected for comparison. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using selected company data.

Selected Precedent Transactions and Premiums Paid Analyses

Morgan Stanley reviewed the purchase prices paid and calculated the ratio of aggregate value to next 12 months, or NTM, estimated EBITDA as reflected in the table below (references in the table below to NA indicate that such information was not publicly available) based on publicly available information for the following 20 selected transactions in the healthcare information technology and processing or information services sectors with transaction values of greater than $1 billion:

Selected Healthcare IT Precedent Transactions

Acquiror	Target	Announcement Date	Aggregate Value *(in millions)*	NTM EBITDA Multiple
Ingenix, Inc.	Executive Health Resources, Inc.	08/04/10	$ 1,850	NA
Allscripts-Misys Healthcare Solutions, Inc.	Eclipsys Corporation	06/09/10	$ 1,177	12.1x
Dell Inc.	Perot Systems Corporation	09/21/09	$ 3,703	12.0x
WebMD Health Corp.	HLTH Corporation	06/18/09	$ 1,334	12.7x
Misys Plc	Allscripts Healthcare Solutions, Inc.	03/18/08	$ 1,169	14.1x
McKesson Corporation	Per-Se Technologies, Inc.	11/06/06	$ 1,649	10.5x
General Electric Company	IDX Systems Corporation	09/29/05	$ 1,269	NA

Selected Processing / Information Services Precedent Transactions

Acquiror	Target	Announcement Date	Aggregate Value *(in millions)*	NTM EBITDA Multiple
Altegrity, Inc.	Kroll Inc.	06/07/10	$ 1,130	7.8x
MSCI Inc.	RiskMetrics Group, Inc.	03/01/10	$ 1,659	13.9x
The First American Corporation	First Advantage Corporation	06/26/09	$ 1,132	6.8x
Fidelity National Information Services, Inc.	Metavante Technologies, Inc.	04/01/09	$ 4,467	8.7x
Reed Elsevier Group plc	ChoicePoint, Inc.	02/20/08	$ 4,147	12.8x
Fiserv, Inc.	CheckFree Corporation	08/02/07	$ 4,395	12.4x
Fidelity National Information Services, Inc.	eFunds Corporation	06/26/07	$ 1,777	11.8x
The Thomson Corporation	Reuters Group plc	05/15/07	$ 19,017	18.7x
Equifax Inc.	TALX Corporation	02/14/07	$ 1,400	12.9x
M & F Worldwide Corp.	John H. Harland Company	12/20/06	$ 1,687	7.5x
Fidelity National Information Services, Inc.	Certegy Inc.	09/15/05	$ 2,464	NA
Bank of America Corporation	National Processing, Inc.	07/13/04	$ 1,137	NA
Marsh & McLennan Companies, Inc.	Kroll Inc.	05/18/04	$ 1,715	11.4x

Based on its professional judgment and taking into consideration, among other things, the observed multiples for the selected transactions, Morgan Stanley applied a representative range of financial multiples of NTM estimated EBITDA of 8.0x to 12.5x derived from the selected transactions to the Company s NTM estimated Adjusted EBITDA (as of June 30, 2011) based on the street case, which case was utilized for purposes of this analysis given that the financial data for the selected transactions also were based on publicly available information. The following table

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reflects the resulting approximate per share equity value reference range for Emdeon Class A common stock implied by this analysis, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Range	Per Share Merger Consideration
$14.00 - $25.00	$19.00

Morgan Stanley also reviewed the premiums paid in acquisition transactions announced from 1990 to June 30, 2011 with transaction values of greater than $1 billion involving U.S.-based public target companies. Morgan Stanley reviewed the premiums paid annually during such period based on the overall mean of the premiums paid to the target company s closing stock price four weeks prior to the announcement date for each relevant transaction. In certain cases, the premium was based on the target company s unaffected closing stock price if there was information or speculation in the public domain regarding a transaction prior to the formal announcement date. The annual mean premium ranges observed were approximately 27% to 64% for all-cash transactions (with a 21-year average of approximately 38%), approximately 17% to 49% for all-stock transactions (with a 21-year average of approximately 32%) and approximately 27% to 45% for all transactions, excluding outliers (with a 21-year average of approximately 36%). Based on its professional judgment and taking into consideration, among other things, the observed premiums, Morgan Stanley applied a selected premium range of 30% to 50% derived from such transactions to the unaffected closing stock price of Emdeon Class A common stock on July 26, 2011 of $13.18 per share. The following table reflects the resulting approximate per share equity value reference range for Emdeon Class A common stock implied by this analysis, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Range	Per Share Merger Consideration
$17.00 - $20.00	$19.00

No company or transaction utilized in these analyses is identical to the Company or the merger. In evaluating the selected precedent transactions, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the Company, such as the impact of competition on the business of the Company or the industry generally, industry growth and the absence of any material adverse change in the financial condition and prospects of the Company or the industry or in the financial markets in general, which could affect the public trading value of the companies and the value of the transactions selected for comparison. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using selected transaction data.

Illustrative Leveraged Buyout Analysis

Morgan Stanley performed a hypothetical leveraged buyout analysis to determine the prices at which a financial sponsor might effect a leveraged buyout of the Company. Morgan Stanley assumed a transaction date of September 30, 2011 and a ratio of total debt to last 12 months Adjusted EBITDA at the transaction date of 6.5x, which multiple was selected based on Morgan Stanley s professional judgment and taking into consideration, among other things, the Company s potential debt capacity and the corresponding financial ratio implied in the merger. In order to approximate the three to five year investment period commonly expected by a financial sponsor, Morgan Stanley assumed a subsequent exit transaction by the financial sponsor on December 31, 2015 with a valuation of the Company realized by the financial sponsor in such subsequent exit transaction based on an aggregate value to NTM Adjusted EBITDA ratio at exit equal to the implied ratio at entry and the Company s estimated total debt and cash and cash equivalents balances as of December 31, 2015. In preparing its analysis, Morgan Stanley relied upon the street case and management case. The implied acquisition price per share paid by the financial sponsor was based on a target range of internal rates of return for the financial sponsor of 17.5% to 25.0%, which range was selected based on Morgan Stanley s professional judgment and taking into consideration, among other things, Morgan Stanley s general knowledge as to targeted internal rates of return for financial sponsors in transactions similar to the merger (without reference to specific precedent transactions). The

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following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis based on both the street case and management case, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges Based on:		Per Share
Street Case	Management Case	Merger Consideration
$14.00 - $18.00	$15.00 - $21.00	$ 19.00

Discounted Cash Flow Analysis

Morgan Stanley performed a discounted cash flow analysis, which is designed to provide an implied value of a company by calculating the present value of the estimated future cash flows and terminal value of the company. Morgan Stanley calculated a range of implied equity values per share for Emdeon Class A common stock based on estimates of future cash flows for calendar years 2011 through 2015. In preparing its analysis, Morgan Stanley relied upon the street case and management case. Morgan Stanley first calculated the estimated unlevered free cash flows (which cash flows are generally calculated as Adjusted EBITDA less equity-based compensation expense, less taxes assuming a normalized tax rate of 39%, less capital expenditures, and less increases or plus decreases in working capital) of the Company for the period from September 30, 2011 to December 31, 2015. Morgan Stanley then calculated a terminal value for the Company by assuming a perpetuity growth rate of 2.5% to 3.0% of unlevered free cash flows, which perpetuity growth rate range was selected based on Morgan Stanley s professional judgment and taking into consideration, among other things, the long-term growth prospects for the Company. These values were then discounted to present value as of September 30, 2011 assuming a range of discount rates of between 8.5% and 9.5%, which range was selected based on Morgan Stanley s professional judgment and taking into consideration, among other things, a weighted average cost of capital calculation and the Company s assumed cost of equity calculated utilizing a capital asset pricing model. Morgan Stanley also separately calculated the present value of certain of the Company s tax assets, including income tax receivable-related payments (and, to the extent reflected in such payments, net operating loss carryforwards) and existing goodwill amortization, which was then added to the aggregate value of the Company. In calculating the present value of the Company s tax assets, Morgan Stanley assumed a 39% tax rate and used the same range of discount rate assumptions as used to calculate the present value of the unlevered free cash flows. The total implied aggregate value ranges of the Company were calculated based on the present values of cash flows, terminal values and tax-related benefits. In order to arrive at an implied per share equity value reference range for Emdeon Class A common stock, Morgan Stanley adjusted the total implied aggregate value ranges by the Company s estimated total debt and cash and cash equivalents as of September 30, 2011 and divided the resulting implied total equity value ranges by the Company s diluted shares outstanding determined utilizing the treasury stock method. The following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis based on both the street case and management case, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges Based on:		Per Share
Street Case	Management Case	Merger Consideration
$16.00 - $21.00	$15.00 - $20.00	$ 19.00

Hypothetical Discounted Equity Value

Morgan Stanley calculated a hypothetical discounted equity value, which is designed to provide insight into an illustrative potential future price of a company s common equity as a function of the company s future earnings and an assumed stock price to NTM adjusted net income multiple. The resulting theoretical equity value is subsequently discounted to present value to arrive at an estimate of the company s illustrative potential future stock price. Morgan Stanley calculated ranges of implied equity values per share for Emdeon Class A common stock as of September 30, 2011 by applying to the Company s NTM adjusted net income as of September 30, 2012 through September 30, 2014 a selected range of multiples of 12.5x to 17.5x, which range was selected

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based on Morgan Stanley s professional judgment and taking into consideration, among other things, historical and current NTM price to earnings trading multiples for the Company and the selected companies referred to above under the caption Selected Public Market Trading Multiples Analysis . In preparing its analysis, Morgan Stanley relied upon the street case and management case. Morgan Stanley then discounted the resulting implied equity values for the Company to September 30, 2011 by applying a discount rate of 10.0%, which was selected based on Morgan Stanley s professional judgment and taking into consideration, among other things, the Company s assumed cost of equity calculated utilizing a capital asset pricing model. In order to arrive at an implied per share equity value reference range for Emdeon Class A common stock, Morgan Stanley divided the total implied equity values for the Company by the Company s diluted shares outstanding determined utilizing the treasury stock method. The following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis based on both the street case and management case, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges Based on:		Per Share
Street Case	Management Case	Merger Consideration
$14.00 - $20.00	$15.00 - $20.00	$ 19.00

Morgan Stanley also evaluated a dividend recapitalization case in which it assumed that the Company issued incremental debt such that the ratio of debt to last 12 months Adjusted EBITDA as of September 30, 2011 was 4.5x and that the proceeds from the debt issuance were distributed as a dividend to stockholders and grown at an assumed cost of equity of 10.0%. The following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis based on both the street case and management case, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges Based on:		Per Share
Street Case	Management Case	Merger Consideration
$16.00 - $21.00	$16.00 - $21.00	$ 19.00

General

Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley s view of the actual value of the Company. In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business, regulatory, economic, market and financial conditions and other matters. Many of these assumptions are beyond the control of the Company and variations to such financial assumptions and methodologies may impact the results of Morgan Stanley s analyses. Any estimates contained in Morgan Stanley s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above in connection with its opinion to the board of directors as to the fairness from a financial point of view of the $19.00 per share merger consideration to be received by the holders of shares of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement. These analyses do not purport to be appraisals or to reflect prices at which the Emdeon Class A common stock might actually trade.

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The per share merger consideration was determined through negotiations between the Company and The Blackstone Group and was approved by the board of directors. Morgan Stanley acted as financial advisor to the board of directors during these negotiations. Morgan Stanley did not, however, recommend any specific merger consideration to the board of directors or that any specific merger consideration constituted the only appropriate consideration for the merger.

Morgan Stanley s opinion and its presentation to the board of directors was one of many factors taken into consideration by the board of directors in its evaluation of the proposed merger. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the board of directors with respect to the merger consideration or of whether the board of directors would have been willing to recommend a different merger consideration.

The preliminary financial analyses provided by Morgan Stanley to the board of directors on April 7, 2011 and May 26, 2011 did not constitute, in either case, an opinion of, or recommendation by, Morgan Stanley with respect to a possible transaction or otherwise. The types of financial analyses performed by Morgan Stanley in connection with its preliminary presentations were generally similar to those contained in its final financial presentation to the board of directors on August 3, 2011 summarized above. However, Morgan Stanley continued to refine various aspects of its financial analyses and certain data used in, and the results of, its preliminary financial analyses may have differed from those in Morgan Stanley s final financial presentation on August 3, 2011 given, among other factors, the different reference dates used in the presentations for public information and changes in publicly available projections and management-prepared projections relating to the Company, the terms of the merger and market, economic and other conditions. Morgan Stanley s preliminary presentations were therefore superseded by its final financial presentation to the board of directors on August 3, 2011.

Morgan Stanley acted as financial advisor to the board of directors in connection with the merger and will receive a fee currently estimated to be approximately $14.0 million for its services, which fee is contingent upon the closing of the merger. In addition to such fee, the Company has agreed to reimburse Morgan Stanley for its expenses incurred in performing its services, including fees, disbursements and other charges of counsel. The Company also has agreed to indemnify Morgan Stanley and its affiliates, their respective officers, directors, employees and agents and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley s engagement. In the two years prior to the date of its opinion, Morgan Stanley provided financial advisory and financing services unrelated to the proposed merger to the Company, The Blackstone Group, General Atlantic and Hellman & Friedman and/or related entities and received fees in connection with such services. Morgan Stanley and certain of its affiliates provided financial advisory or financing services to The Blackstone Group, General Atlantic and Hellman & Friedman and certain of their respective majority-owned affiliates and their affiliated investment funds respective majority-owned portfolio companies (other than the Company) identified by The Blackstone Group, General Atlantic or Hellman & Friedman, as applicable, for which services Morgan Stanley and such affiliates received aggregate fees during the two-year period prior to delivery of Morgan Stanley s opinion on August 3, 2011 of approximately $31.0 million (in the case of such Blackstone entities), approximately $23.0 million (in the case of such General Atlantic entities) and approximately $7.0 million (in the case of such Hellman & Friedman entities). Parent and Merger Sub have informed the Company that, in addition to the financial advisory and financing services described above, Morgan Stanley and certain of its affiliates also provided certain other financial services to The Blackstone Group and certain of its majority-owned affiliates and its affiliated investment funds majority-owned portfolio companies for which Morgan Stanley and such affiliates received aggregate fees during the last two completed calendar years in excess of $25.0 million. Morgan Stanley also may seek to provide such services to The Blackstone Group, General Atlantic and Hellman & Friedman in the future and expects to receive fees for the rendering of these services.

Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage

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activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of the Company, The Blackstone Group, or any other company, or any currency or commodity, that may be involved in this transaction, or any related derivative instrument. In addition, Morgan Stanley, its affiliates, directors or officers, including individuals working with the Company in connection with this transaction, may have committed and may commit in the future to invest in private equity funds managed by The Blackstone Group, General Atlantic, Hellman & Friedman or any of their respective affiliates.

Opinion of UBS Securities LLC

On August 3, 2011, at a meeting of the board of directors held to evaluate the proposed merger, UBS delivered to the board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion dated August 3, 2011, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its opinion, the $19.00 per share merger consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) was fair, from a financial point of view, to such holders.

The full text of UBS opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as Appendix D and is incorporated into this Proxy Statement by reference. Holders of Emdeon common stock are encouraged to read UBS opinion carefully in its entirety. UBS opinion was provided for the benefit of the board of directors (in its capacity as such) in connection with, and for the purpose of, its evaluation of the $19.00 per share merger consideration from a financial point of view and did not address any other aspect of the merger. The opinion did not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to the Company or the Company s underlying business decision to effect the merger. The opinion does not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger. The following summary of UBS opinion is qualified in its entirety by reference to the full text of UBS opinion.

In arriving at its opinion, UBS, among other things:

- reviewed certain publicly available business and financial information relating to the Company;
- reviewed certain internal financial information and other data relating to the Company s business and financial prospects that were not publicly available, including financial forecasts and estimates prepared by Emdeon s management that the board of directors directed UBS to utilize for purposes of its analysis;
- conducted discussions with members of the Company s senior management concerning the Company s business and financial prospects;
- reviewed publicly available financial and stock market data with respect to certain other companies UBS believed to be generally relevant;
- compared the financial terms of the merger with the publicly available financial terms of certain other transactions UBS believed to be generally relevant;
- reviewed current and historical market prices of Emdeon Class A common stock;
- reviewed a draft dated August 3, 2011 of the merger agreement; and

conducted such other financial studies, analyses and investigations, and considered such other information, as UBS deemed necessary or appropriate.

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In connection with its review, with the board of directors consent, UBS assumed and relied upon, without independent verification, the accuracy and completeness in all material respects of the information provided to or reviewed by UBS for the purpose of its opinion. In addition, with the board of directors consent, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of the Company, and was not furnished with any such evaluation or appraisal. With respect to the financial forecasts and estimates referred to above, UBS assumed, at the board of directors direction, that such forecasts and estimates had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Company s management as to the future financial performance of the Company. UBS opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to UBS as of, the date of its opinion.

At the board of directors direction, UBS was not asked to, and it did not, offer any opinion as to the terms, other than the $19.00 per share merger consideration to the extent expressly specified in UBS opinion, of the merger agreement or related documents, the form of the merger or any matters relating to EBS Units that are not held by the Company and corresponding shares of Emdeon Class B common stock, including, without limitation, any aspect or implication of the Rollover Investment, the consideration payable for EBS Units pursuant to rollover and other arrangements entered into by affiliates of Hellman & Friedman or tax receivable agreements or arrangements relating to EBS Units. In addition, UBS expressed no opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the $19.00 per share merger consideration. In rendering its opinion, with the board of directors consent, UBS assumed that (i) the final executed form of the merger agreement would not differ in any material respect from the draft that UBS reviewed, (ii) the parties to the merger agreement would comply with all material terms of the merger agreement, including the Rollover Investment, and (iii) the merger would be consummated in accordance with the terms of the merger agreement without any adverse waiver or amendment of any material term or condition of the merger agreement. UBS also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any material adverse effect on the Company or the merger. In connection with its engagement, UBS was not requested to, and it did not, participate in the negotiation or structuring of the merger. UBS was not authorized to, and it did not, solicit indications of interest in a transaction with the Company from any party; however, the Company s senior management advised UBS that indications of interest in a transaction with the Company were solicited from selected third parties by the Company and certain of its representatives and that discussions with certain of these parties were held by the Company and such representatives prior to the date of UBS opinion. Except as described in this summary, the Company imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion. The issuance of UBS opinion was approved by an authorized committee of UBS.

In connection with rendering its opinion to the board of directors, UBS performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the selected public companies analysis and the selected transactions analysis summarized below, no company or transaction used as a comparison was identical to the Company or the merger. In addition, no single data point, such as an average or median, is in itself necessarily meaningful for purposes of evaluating such analyses. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying UBS analyses and opinion. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion, but rather arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole.

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The estimates of the future performance of the Company provided by the Company s management in or underlying UBS analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which were beyond the Company s control. Estimates of the financial value of companies do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold or acquired.

The $19.00 per share merger consideration was determined through negotiation between the board of directors and The Blackstone Group and the decision by the Company to enter into the merger was solely that of the board of directors. UBS opinion and financial analyses were only one of many factors considered by the board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the board of directors or management with respect to the merger or the $19.00 per share merger consideration.

The following is a brief summary of the material financial analyses performed by UBS and reviewed with the board of directors on August 3, 2011 in connection with UBS opinion relating to the proposed merger. **The financial analyses summarized below include information presented in tabular format. In order for UBS financial analyses to be fully understood, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS financial analyses.** For purposes of its financial analyses, UBS utilized financial forecasts and estimates relating to the Company prepared by the Company s management, which projections are summarized under the caption Special Factors Projected Financial Information beginning on page 71.

Emdeon Financial Analysis

Selected Public Companies Analysis. UBS compared selected financial and stock market data of the Company with corresponding data of the following four publicly traded revenue and payment cycle management companies in the healthcare services industry:

Accretive Health, Inc.

athenahealth, Inc.

HMS Holdings Corp.

MedAssets, Inc.

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UBS reviewed, among other things, the enterprise values of the selected companies, calculated as equity market value based on closing stock prices on August 2, 2011, plus debt at book value, preferred stock at liquidation value and minority interests at book value, less cash and cash equivalents, as a multiple of latest 12 months and estimated calendar years 2011 and 2012 earnings before interest, taxes, depreciation and amortization, referred to as EBITDA, as adjusted to exclude one-time gains or losses and stock-based compensation expenses, referred to as Adjusted EBITDA. UBS also reviewed the closing stock prices of the selected companies on August 2, 2011 as a multiple of latest 12 months and estimated calendar years 2011 and 2012 earnings per share, referred to as EPS, as adjusted to exclude one-time gains or losses, transaction-related amortization, capitalized software amortization and stock-based compensation expenses, referred to as adjusted EPS. In addition, UBS reviewed latest 12 months and estimated calendar years 2011 and 2012 adjusted EPS divided by estimated long-term growth rates per Institutional Brokers Estimate System, referred to as PEG. The following table sets forth the Adjusted EBITDA, adjusted EPS and PEG multiples observed for the selected companies that were reviewed by UBS for purposes of its analysis as well as certain other informational data, including closing stock prices and implied market and enterprise values for the selected companies (references in the table below to NM indicate that such information was below 0.0x or above 50.0x):

	Accretive Health, Inc.	**athenahealth, Inc.**	**HMS Holdings Corp.**	**MedAssets, Inc.**
Closing Stock Price (8/2/11)	$ 30.14	$ 59.43	$ 71.99	$ 12.29
Market Value (in millions)	$ 3,202	$ 2,190	$ 2,120	$ 733
Enterprise Value (in millions)	$ 3,083	$ 2,114	$ 2,002	$ 1,633
Enterprise Value as Multiple of Adjusted EBITDA:				
Latest 12 Months	NM	32.2x	19.6x	9.2x
2011E	36.4x	30.5x	17.4x	8.8x
2012E	24.1x	23.2x	14.2x	8.0x
Closing Stock Price as Multiple of Adjusted EPS:				
Latest 12 Months	NM	NM	9.7x	14.3x
2011E	NM	NM	34.4x	12.4x
2012E	43.1x	NM	28.6x	10.4x
PEG Multiple:				
Latest 12 Months	NM	NM	0.4x	0.6x
2011E	2.0x	2.1x	1.4x	0.5x
2012E	1.3x	1.6x	1.2x	0.4x

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UBS then compared Adjusted EBITDA, adjusted EPS and PEG multiples derived for the selected companies with corresponding multiples implied for the Company based on closing prices of Emdeon Class A common stock on July 26, 2011 (the last trading day prior to publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company) and August 2, 2011 and based on the $19.00 per share merger consideration. Financial data of the selected companies were based on publicly available research analysts estimates, public filings and other publicly available information. The Company s latest 12 months income statement data (as of March 31, 2011) were based on the Company s public filings and balance sheet data (as of June 30, 2011) and other estimated financial data were based on internal estimates of the Company s management. This analysis indicated the following implied high, mean, median and low multiples for the selected companies (implied multiples that were negative or greater than 50.0x were excluded as not meaningful), as compared to corresponding multiples implied for the Company:

	Implied Multiples for Selected Companies				Implied Multiples for the Company Based on Closing Stock Price on:		Implied Multiples for the Company Based on $19.00 Per Share Merger Consideration
	High	Mean	Median	Low	July 26, 2011	August 2, 2011	
Enterprise Value as Multiple of Adjusted EBITDA:							
Latest 12 Months	32.2x	20.3x	19.6x	9.2x	8.6x	9.4x	11.2x
2011E	36.4x	23.3x	24.0x	8.8x	7.8x	8.5x	10.1x
2012E	24.1x	17.3x	18.7x	8.0x	7.2x	7.8x	9.3x
Closing Stock Price as Multiple of Adjusted EPS:							
Latest 12 Months	14.3x	12.0x	12.0x	9.7x	14.1x	16.0x	20.3x
2011E	34.4x	23.4x	23.4x	12.4x	12.9x	14.7x	18.6x
2012E	43.1x	27.3x	28.6x	10.4x	12.1x	13.7x	17.4x
PEG Multiple:							
Latest 12 Months	0.6x	0.5x	0.5x	0.4x	1.0x	1.1x	1.4x
2011E	2.1x	1.5x	1.7x	0.5x	0.9x	1.0x	1.3x
2012E	1.6x	1.1x	1.3x	0.4x	0.8x	1.0x	1.2x

Selected Transactions Analysis. UBS reviewed financial data of the following eight selected transactions involving companies operating principally in revenue and payment cycle management for the healthcare services industry:

Announcement Date	Acquiror	Target
09/14/10	MedAssets, Inc.	The Broadlane Group
09/07/10	Emdeon	Chamberlin Edmonds & Associates, Inc.
11/05/09	TPG Capital, L.P./Canada Pension Plan Investment Board	IMS Health Incorporated
04/29/08	MedAssets, Inc.	Accuro Healthcare Solutions, Inc.
04/11/08	Apax Partners, L.P.	The TriZetto Group, Inc.
02/08/08	General Atlantic and Hellman & Friedman	Emdeon Business Services
11/06/06	McKesson Corporation	Per-Se Technologies, Inc.
09/26/06	General Atlantic	Emdeon Business Services (52% equity interest)

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UBS reviewed, among other things, transaction values in the selected transactions calculated as the purchase price paid for the target company s equity, plus debt at book value, preferred stock at liquidation value and minority interests at book value, less cash and cash equivalents, as multiples of, to the extent publicly available, latest 12 months and estimated one-year and two-year forward sales and Adjusted EBITDA. UBS also reviewed purchase prices paid for the target company s equity in the selected transactions as a multiple of, to the extent publicly available, latest 12 months and estimated one-year and two-year forward net income as adjusted to exclude one-time gains or losses, transaction-related amortization, capitalized software amortization and stock-based compensation expenses, referred to as adjusted net income. The following table sets forth the sales, Adjusted EBITDA and adjusted net income multiples observed for the selected transactions that were reviewed by UBS for purposes of its analysis as well as certain other informational data, including implied market and enterprise values for the selected transactions (references in the table below to NM indicate that such information was below 0.0x or above 50.0x and NA indicate that such information was not publicly available):

Acquiror/Target	MedAssets, Inc./ The Broadlane Group	Emdeon/ Chamberlin Edmonds & Assoc., Inc.	TPG Capital, L.P., Canada Pension Plan Investment Board/IMS Health Incorporated	MedAssets, Inc./Accuro Healthcare Solutions, Inc.	Apax Partners, L.P./The TriZetto Group, Inc.	General Atlantic LLC and Hellman & Friedman LLC/Emdeon Business Services	McKesson Corporation/ Per-Se Technologies, Inc.	General Atlantic LLC/Emdeon Business Services (52% equity interest)
Market Value (in millions)	$ 850	$ 210	$ 4,027	$ 260	$ 1,364	$ 1,198	$ 1,183	$ 616
Enterprise Value (in millions)	$ 850	$ 260	$ 5,072	$ 353	$ 1,229	$ 2,123	$ 1,642	$ 1,541
Enterprise Value as Multiple of Sales:								
Latest 12 Months	5.1x	3.0x	2.3x	5.2x	2.7x	2.6x	3.0x	2.2x
One-Year Forward	NM	NM	2.3x	NM	2.5x	NA	2.5x	NA
Two-Year Forward	NM	NM	2.3x	NM	2.3x	NA	NA	NA
Enterprise Value as Multiple of Adjusted EBITDA:								
Latest 12 Months	16.9x	11.8x	8.5x	18.5x	12.7x	11.6x	14.7x	11.8x
One-Year Forward	NM	NM	8.5x	NM	10.6x	NA	11.3x	NA
Two-Year Forward	NM	NM	8.4x	NM	9.3x	NA	NA	NA
Diluted Market Value as Multiple of Adjusted Net Income								
Latest 12 Months	NM	23.6x	12.1x	NM	32.7x	36.3x	NM	8.2x
One-Year Forward	NM	NM	13.5x	NM	28.7x	NA	26.2x	NA
Two-Year Forward	NM	NM	13.3x	NM	22.6x	NA	NA	NA

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UBS then compared these multiples derived for the selected transactions with corresponding multiples implied for the Company based on the $19.00 per share merger consideration. Financial data of the selected transactions were based on publicly available information at the time of announcement of the relevant transaction. The Company s latest 12 months income statement data (as of March 31, 2011) were based on the Company s public filings and balance sheet data (as of June 30, 2011) and other estimated financial data were based on internal estimates of the Company s management. This analysis indicated the following implied high, mean, median and low multiples for the selected transactions (implied multiples that were negative or greater than 50.0x were excluded as not meaningful), as compared to corresponding multiples implied for the Company:

	Implied Multiples for Selected Transactions				Implied Multiples for the Company Based on $19.00 Per Share Merger Consideration
	High	Mean	Median	Low	
Enterprise Value as Multiple of Sales:					
Latest 12 Months	5.2x	2.9x	2.7x	1.4x	3.0x
One-Year Forward	2.5x	2.2x	2.5x	1.7x	2.7x
Two-Year Forward	2.3x	2.0x	2.3x	1.5x	2.5x
Enterprise Value as Multiple of Adjusted EBITDA:					
Latest 12 Months	18.5x	13.3x	12.3x	8.5x	11.2x
One-Year Forward	11.3x	10.1x	10.6x	8.5x	10.1x
Two-Year Forward	9.3x	8.9x	8.9x	8.3x	9.3x
Diluted Market Value as Multiple of Adjusted Net Income:					
Latest 12 Months	36.3x	22.6x	23.6x	8.2x	20.3x
One-Year Forward	28.7x	22.8x	26.2x	13.5x	18.6x
Two-Year Forward	22.6x	18.0x	18.0x	13.3x	17.4x

Discounted Cash Flow Analysis. UBS performed a discounted cash flow analysis of the Company utilizing financial forecasts and estimates relating to the Company prepared by the Company s management. UBS calculated a range of implied present values (as of July 31, 2011) of (i) the standalone unlevered, after-tax free cash flows (which cash flows are generally calculated as Adjusted EBITDA less equity-based compensation expense, less depreciation and amortization, less taxes assuming a normalized tax rate of 39%, plus certain cash savings from tax receivable agreements, plus depreciation and amortization, less capital expenditures and less increases or plus decreases in working capital) that the Company was forecasted to generate from August 1, 2011 through the fiscal year ending December 31, 2015, (ii) terminal values for the Company based on the Company s estimated Adjusted EBITDA for the fiscal year ending December 31, 2016 and (iii) the Company s estimated net operating loss carryforwards as of March 31, 2011 expected by the Company s management to be utilized by the Company to reduce future federal income taxes payable by the Company. Implied terminal values were derived by applying to the Company s estimated Adjusted EBITDA for the fiscal year ending December 31, 2016 a range of Adjusted EBITDA terminal value multiples of 7.5x to 8.5x, which range was selected based on UBS professional judgment and taking into consideration, among other things, EBITDA trading multiples for the Company and the selected companies referred to above under the caption Selected Companies Analysis. Present values of cash flows, terminal values and net operating loss carryforwards were calculated using discount rates ranging from 9.5% to 10.5%, which range was selected based on UBS professional judgment and taking into consideration, among other things, a weighted average cost of capital calculation. The total implied enterprise value ranges for the Company were calculated based on the present values of cash flows and terminal values. In order to arrive at an implied per share equity value reference range for Emdeon Class A common stock, UBS adjusted the total implied enterprise value ranges by the Company s estimated total debt and cash and cash equivalents as of June 30, 2011 and the present value of the Company s net operating loss carryforwards

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and divided the resulting implied total equity value ranges by the Company s diluted shares outstanding determined utilizing the treasury stock method. The discounted cash flow analysis resulted in a range of implied present values of approximately $17.25 to $20.45 per outstanding share of Emdeon Class A common stock, as compared to the $19.00 per share merger consideration.

Miscellaneous

Under the terms of UBS engagement, the Company has agreed to pay UBS for its financial advisory services in connection with the merger an aggregate fee currently estimated to be approximately $4.2 million, a portion of which was payable in connection with UBS opinion and approximately $3.2 million of which is contingent upon consummation of the merger. In addition, the Company has agreed to reimburse UBS for its reasonable expenses, including fees, disbursements and other charges of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement.

In the past, UBS and its affiliates have provided services unrelated to the proposed merger to the Company, The Blackstone Group, General Atlantic and Hellman & Friedman, for which UBS and its affiliates received compensation, including, during the past two years, having acted as (i) joint book-running manager for the Company IPO and (ii) financial advisor in connection with certain acquisition or disposition transactions, and in various capacities in connection with certain financings, undertaken by The Blackstone Group, General Atlantic and Hellman & Friedman through various entities. Affiliates of UBS also have been and/or currently are participants in credit facilities of various The Blackstone Group, General Atlantic and Hellman & Friedman entities, for which such affiliates of UBS received and continue to receive fees and interest payments. UBS and certain of its affiliates provided financial advisory or financing services to The Blackstone Group, General Atlantic and Hellman & Friedman and certain of their respective majority-owned affiliates and their affiliated investment funds respective majority-owned portfolio companies (other than the Company) identified by The Blackstone Group, General Atlantic or Hellman & Friedman, as applicable, for which services UBS and such affiliates received aggregate fees during the period from January 1, 2009 through the delivery of UBS opinion on August 3, 2011 of approximately $25.0 million (in the case of such Blackstone entities), approximately $7.0 million (in the case of such General Atlantic entities) and approximately $17.0 million (in the case of such Hellman & Friedman entities). In addition, UBS and its affiliates currently are invested in certain investment funds of The Blackstone Group unrelated to the proposed merger. In the ordinary course of business, UBS and its affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of the Company, The Blackstone Group and certain affiliates of The Blackstone Group, General Atlantic and Hellman & Friedman and, accordingly, may at any time hold a long or short position in such securities.

The Company selected UBS as its financial advisor in connection with the merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions and because of UBS familiarity with the Company and its business. UBS is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

Purposes and Reasons of the Company for the Merger

The Company s purpose for engaging in the merger is to enable its stockholders to receive $19.00 per share of Emdeon Class A common stock, which represents (i) a premium of approximately 43.0% over the Company s average closing stock price for the 30 trading days ended Wednesday, July 26, 2011, (ii) a premium of approximately 44.2% over the Company s closing stock price on Wednesday, July 26, 2011, the last trading day prior to the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company and (iii) a premium of approximately 16.9% over the Company s closing stock price on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011. The Company has determined to undertake the merger, which is a going private transaction, at this time based on the conclusions, determinations and reasons of the board of directors described in detail above under

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Special Factors Background of the Merger beginning on page 20 and Special Factors Recommendation of Our Board of Directors; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger beginning on page 34, which included the board of directors consideration of the prospects of the Company as a stand-alone company and the public market s valuation of the Company as a stand-alone company, the potential challenges of achieving future organic growth of the Company and the risk that increased competition for potential future acquisitions might further limit the Company s growth opportunities. The fact that the Company IPO was consummated in August 2009 was not material to the board of directors determination, at the time of its review, that the merger was a value maximizing opportunity for all of the Company s stockholders.

Purposes and Reasons of the Blackstone Filing Persons for the Merger

We refer to Sponsor, Sponsor s General Partner, Parent and Merger Sub, collectively, as the Blackstone Filing Persons. Under the SEC rules governing going-private transactions, the Blackstone Filing Persons are deemed to be affiliates of the Company and, therefore, are required to express their reasons for the merger to the Company s unaffiliated stockholders, as defined in Rule 13e-3 of the Exchange Act. The Blackstone Filing Persons are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. For Merger Sub, the purpose of the merger is to effectuate the transactions contemplated by the merger agreement. For Sponsor, Sponsor s General Partner, and Parent, the purpose of the merger is for Sponsor and Parent to acquire control of the Company, in a transaction in which the unaffiliated stockholders will be cashed out for $19.00 per share, so Sponsor and Parent, along with the H&F Equityholders and any third parties to which Sponsor or the H&F Equityholders syndicate their respective equity commitments at or prior to the effective time of the merger in accordance with the interim investors agreement, will bear the rewards and risks of the ownership of the Company after shares of Emdeon Class A common stock cease to be publicly traded. For Sponsor, an additional purpose of the merger is to acquire from affiliates of the GA Equityholders the right to receive payments under the Investors Tax Receivable Agreements. See Special Factors Tax Receivable Arrangements Transfer Agreement beginning on page 89. While the Blackstone Filing Persons have not completed or entered into any acquisition or merger agreement at this time, the Blackstone Filing Persons expect to continue to explore the possibility of making additional acquisitions in the healthcare information technology industry. The Blackstone Filing Persons have no current plans, proposals or negotiations which relate to or would result in an extraordinary corporate transaction involving the Company s corporate structure, business or management, such as a merger, reorganization, liquidation, relocation of any operations, or sale or transfer of a material amount of assets, or the incurrence of any indebtedness except as described in this Proxy Statement. The Blackstone Filing Persons expect, however, that in anticipation of and following the proposed merger, the Blackstone Filing Persons will continuously evaluate and review the Company s business and operations, including exploring the possibility of making additional acquisitions in the healthcare information technology industry. The Blackstone Filing Persons reserve the right, however, to make any changes deemed appropriate in light of such evaluation and review or in light of future developments.

Positions of the Blackstone Filing Persons Regarding the Fairness of the Merger

Under the SEC rules governing going-private transactions, the Blackstone Filing Persons are deemed to be affiliates of the Company and, therefore, are required to express their beliefs as to the fairness of the merger to the unaffiliated stockholders of the Company. The Blackstone Filing Persons are making the statements included in this section solely for the purpose of complying with such requirement. The Blackstone Filing persons believe that the merger (which is the Rule 13e-3 transaction for which a Schedule 13E-3 Transaction Statement has been filed with the SEC) is fair to the Company s unaffiliated stockholders on the basis of the factors described under Special Factors Recommendation of Our Board of Directors; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger and the additional factors described below.

The Blackstone Filing Persons attempted to negotiate the terms of a transaction that would be most favorable to them, and not to the stockholders of the Company, and, accordingly, did not negotiate the merger agreement with

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a goal of obtaining terms that were fair to such stockholders. None of the Blackstone Filing Persons believes that it has or had any fiduciary duty to the Company or its stockholders, including with respect to the merger and its terms. The stockholders of the Company were, as described elsewhere in this Proxy Statement, represented by the board of directors that negotiated with the Sponsor on their behalf, with the assistance of the Company s legal and financial advisors.

The Blackstone Filing Persons did not participate in the deliberations of the board of directors regarding, or receive advice from the Company s or the board of directors legal or financial advisors as to, the substantive or procedures fairness of the merger. The Blackstone Filing Persons have not performed, or engaged a financial advisor to perform any valuation or other analysis for the purposes of assessing the fairness of the merger to the Company s unaffiliated stockholders. However, based on each Blackstone Filing Person s knowledge and analysis of available information regarding the Company, as well as discussions with members of the Company s senior management regarding the Company and its business and the factors considered by, and findings of, the board of directors discussed in this Proxy Statement in the sections entitled Special Factors Recommendation of Our Board of Directors; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger (which findings the Blackstone Filing Persons adopt), the Blackstone Filing Persons believe that the merger is substantively fair to the Company s unaffiliated stockholders. In particular, the Blackstone Filing Persons considered the following:

- the price of $19.00 per share to be paid in respect of each share of Emdeon Class A common stock, which purchase price represents (i) approximately a 44.2% premium to the closing price of the Emdeon Class A common stock on July 26, 2011, the last trading day prior to certain news reports that The Blackstone Group was in discussions with the Company; (ii) a premium of approximately 43.0% over the average closing price of Emdeon Class A common stock for the 30 trading days ended Wednesday, July 26, 2011, and (iii) a premium of approximately 16.9% over the closing price of Emdeon Class A common stock on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011;

- the current and historical market prices for the Emdeon Class A common stock, including those set forth in the table in the section captioned Markets and Market Price, which has not closed over $19.00 since the Company IPO;

- the Emdeon Class A common stock traded as low as $9.95 during the 52 weeks prior to the announcement of the execution of the merger agreement;

- the per share price of $19.00 represents an enterprise valuation of the Company of approximately 10.1x 2011E Adjusted EBITDA;

- the fact that the consideration to be paid in the proposed merger is all cash, which provides certainty of value and liquidity to the unaffiliated stockholders and allows the unaffiliated stockholders not to be exposed to the risks and uncertainties relating to the prospects of the Company (including the prospects described in management s projections summarized under Special Factors Projected Financial Information beginning on page 71);

- the fact that (i) Parent will be required to pay to the Company a reverse termination fee of $80.0 million or $153.0 million if the merger agreement is terminated under certain circumstances, (ii) the Company will not need to prove damages as a condition to receiving such reverse termination fee and (iii) Sponsor has guaranteed Parent s obligation to pay such reverse termination fee.

In addition, since July 26, 2011, the last trading day prior to certain news reports that The Blackstone Group was in discussions with the Company, the broader market has traded down significantly (e.g. the S&P 500 Index is down approximately 13.6% as of September 28, 2011).

The Blackstone Filing Persons believe that the trading history of the Emdeon Class A common stock is a general indication of the going concern value of the Company, including, without limitation, such trading history as reflected by the premiums set forth in the first bullet point above. The Blackstone Filing Persons did not consider

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liquidation value as a factor because they consider the Company to be a viable going concern business. In addition, due to the fact that the Company is being sold as a going concern, the Blackstone Filing Persons did not consider the liquidation value of the Company relevant to a determination as to whether the proposed merger is fair to the Company s unaffiliated stockholders as the Blackstone Filing Persons believed the value of the Company s assets that might be realized in a liquidation would be significantly less than its going concern value. Further, the Blackstone Filing Persons did not consider net book value a material indicator of the value of the Company because it believed that net book value reflects historical costs and not the value of the Company as a going concern. The Company s net book value per diluted share was $8.91 as of June 30, 2011, which is substantially below the per share merger consideration.

The merger is not structured such that approval of at least a majority of the Company s unaffiliated stockholders is required. Nevertheless, the Blackstone Filing Persons believe that sufficient procedural safeguards were and are present to ensure the fairness of the merger and to permit the board of directors to represent effectively the interests of the Company s unaffiliated stockholders based upon the following factors:

- the fact that the board of directors unanimously approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

- the fact that the unaffiliated directors, in a separate vote taken at a time when the directors designated by Hellman & Friedman had recused themselves from the board of directors meeting, unanimously approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

- the recognition by the unaffiliated directors that they, collectively representing a majority of the board of directors, had the authority not to approve the merger or any other transaction;

- the fact that each of the Outside Directors voted to approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

- $19.00 per share cash consideration and the other terms and conditions of the merger agreement resulted from extensive negotiations between Parent and its advisors, on the one hand, and the board of directors and its advisors, on the other hand;

- the board of directors ability to (i) respond to takeover proposals and (ii) terminate the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, in each case, subject to certain conditions in the merger agreement, including in the case of a termination of the merger agreement, the payment of a termination fee of $65.0 million by the Company; and

- the availability of appraisal rights to the unaffiliated stockholders who comply with all of the required procedures under the DGCL for exercising appraisal rights, which allows such holders to seek appraisal of the fair value of their stock as determined by the Delaware Court of Chancery.

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In considering the fairness of the merger to the Company s unaffiliated stockholders, the Blackstone Filing Persons also considered the following risks and other countervailing factors related to the merger agreement and the merger:

- the risk that the merger might not be completed in a timely manner or at all, including the risk that the merger might not be completed because the financing contemplated by the acquisition financing commitments, described under the caption Special Factors Financing of the Merger beginning on page 75, is not obtained, as Parent does not on its own possess sufficient funds to complete the merger;

- the risk that all of the conditions to the parties obligations to effect the merger will not be satisfied prior to the termination date set forth in the merger agreement;

- the fact that the Company s unaffiliated stockholders will not have any equity in the surviving company following the merger, meaning that the Company s unaffiliated stockholders will cease to participate in the Company s future earnings or growth, or to benefit from any increases in the value of the equity in the Company;

- the restrictions on the conduct of the Company s business prior to the completion of the merger, which may delay or prevent the Company from pursuing business opportunities that may arise or taking any other action it would otherwise take with respect to its business operations;

- the risk that, while the closing of the merger is pending, there could be disruptive effects on the business, customer relationships and employees of the Company;

- the fact that the Company could be required to pay a termination fee of $65.0 million if the merger agreement was terminated under certain circumstances, including, but not limited to, a termination of the merger agreement by Parent after the board of directors had withheld, withdrawn, qualified or modified its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent;

- the possibility that the termination fee of $65.0 million payable by the Company upon the termination of the merger agreement under certain circumstances could discourage potential acquirors from making a competing bid to acquire the Company;

- the fact that the Company will be required, if the proposed merger is not completed, to pay its own expenses associated with the merger agreement, the merger and the other transactions contemplated by the merger agreement;

- the fact that (i) Parent and Merger Sub are newly formed corporations with essentially no assets other than the equity commitments of Sponsor and the rollover commitments of the H&F Equityholders, (ii) the Company s remedy in the event of breach of the merger agreement by Parent or Merger Sub could be limited to receipt of the reverse termination fee of $80.0 million or $153.0 million, as applicable, and (iii) under certain circumstances, the Company would not be entitled to any reverse termination fee if the merger agreement was terminated;

- the fact that there are voting agreements pursuant to which the GA Equityholders and the H&F Equityholders have agreed to vote shares of Emdeon common stock representing approximately 72% of the outstanding shares of Emdeon common stock;

the fact that an all cash transaction would be taxable to the Company s stockholders that are U.S. holders for U.S. federal income tax purposes; and

the fact that (i) certain of the Company s directors and executive officers and (ii) the GA Equityholders and the H&F Equityholders have interests in the transaction that are different from, or in addition to, those of the Company s unaffiliated stockholders; see the section captioned Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 82 and Special Factors Tax Receivable Arrangements beginning on page 88.

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The foregoing discussion of the information and factors considered and given weight by the Blackstone Filing Persons in connection with the fairness of the merger agreement and the merger is not intended to be exhaustive but is believed to include all material factors considered by them. The Blackstone Filing Persons did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the merger agreement and the merger. Rather, the Blackstone Filing Persons made the fairness determinations after considering all of the foregoing as a whole. The Blackstone Filing Persons believe these factors provide a reasonable basis upon which to form their belief that the merger is fair to the Company s unaffiliated stockholders. This belief should not, however, be construed as a recommendation to any Company stockholder to adopt the merger agreement. The Blackstone Filing Persons do not make any recommendation as to how stockholders of the Company should vote their shares of Emdeon common stock relating to the merger.

Purposes and Reasons of the H&F Filing Persons for the Merger

Under the SEC rules governing going-private transactions, the H&F Filing Persons are deemed to be affiliates of the Company and, therefore, are required to express their reasons for the merger to the Company s unaffiliated stockholders, as defined in Rule 13e-3 of the Exchange Act. The H&F Filing Persons are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. For the H&F Filing Persons, the purpose of the merger is to enable Parent to acquire control of the Company, in a transaction in which the unaffiliated stockholders will be entitled to receive $19.00 per share of Emdeon Class A common stock. In connection with the merger, the H&F Equityholders will also be entitled to have a significant portion of their shares of Emdeon Class A common stock and EBS Units exchanged into the right to receive the same $19.00 per share of Emdeon Class A common stock or EBS Unit, as the case may be. In addition, the H&F Equityholders will maintain a significant portion of their investment in the Company through their respective commitments to make a rollover equity investment in Parent. See Special Factors Financing of the Merger Rollover Commitment; Unit Purchase Agreement, beginning on page 79. As a result, Parent will bear the rewards and risks of the ownership of the Company after shares of Emdeon Class A common stock cease to be publicly traded. In addition, following the merger, (i) Parent will directly or indirectly own 100% of the capital stock of the Company, (ii) Sponsor will own approximately 72.5% of Parent and (iii) the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the effective time of the merger in accordance with the interim investors agreement. See Special Factors Certain Effects of the Merger; Plans for the Company beginning on page 68.

Positions of the H&F Filing Persons Regarding the Fairness of the Merger

Under the SEC rules governing going private transactions, the H&F Filing Persons are deemed to be affiliates of the Company and, therefore, are required to express their position regarding the fairness of the merger to the Company s unaffiliated stockholders. The H&F Filing Persons are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of the H&F Filing Persons should not be construed as a recommendation to any Emdeon stockholder as to how that stockholder should vote on the proposal to adopt the merger agreement or any other matter set forth in this Proxy Statement.

Messrs. Philip U. Hammarskjold and Allen R. Thorpe are directors of the Company and affiliated with the H&F Filing Persons. None of the H&F Filing Persons nor such affiliated director designees of the H&F Filing Persons participated in the separate deliberation process of the board of directors, nor did they undertake any independent evaluation of the fairness of the merger or engage a financial advisor for such purpose. Nevertheless, the H&F Filing Persons believe that the proposed merger is substantively and procedurally fair to the unaffiliated stockholders on the basis of the factors discussed below.

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The H&F Filing Persons believe that the proposed merger is substantively fair to the unaffiliated stockholders based on the following factors:

the $19.00 per share to be paid in respect of each share of Emdeon Class A common stock, which purchase price represents (i) a premium of approximately 44.2% over the closing price of Emdeon Class A common stock on Wednesday, July 26, 2011, the last trading day prior to the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company, (ii) a premium of approximately 43.0% over the average closing price of Emdeon Class A common stock for the 30 trading days ended Wednesday, July 26, 2011, and (iii) a premium of approximately 16.9% over the closing price of Emdeon Class A common stock on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011;

the current and historical market prices for the Emdeon Class A common stock, including those set forth in the table in the section captioned Markets and Market Price, which has not closed over $19.00 since the Company IPO;

the Emdeon Class A common stock traded as low as $9.95 during the 52 weeks prior to the announcement of the execution of the merger agreement;

the fact that the consideration to be paid in the proposed merger is all cash, which provides certainty of value and liquidity to the unaffiliated stockholders and allows the unaffiliated stockholders not to be exposed to the risks and uncertainties relating to the prospects of the Company;

the possibility that it could take a considerable period of time before, and that there could be significant uncertainty as to whether, the trading price of Emdeon Class A common stock would reach and sustain a trading price of at least equal to the per share merger consideration of $19.00, as adjusted for present value;

the fact that the consideration per share to be paid to the H&F Equityholders in the merger (excluding the equity of Parent to be issued to the H&F Equityholders in consideration of the Rollover Investment) is the same as the consideration to be paid to the unaffiliated stockholders;

the fact that, after the Company s discussions with multiple strategic parties and Parent regarding a potential acquisition of the Company, Parent was the only party that proposed to acquire the Company pursuant to a transaction structured with an acceptable amount of antitrust risk as determined by the board of directors, including the Outside Directors, and Parent was the only party that proposed to acquire the Company with fully committed debt and equity financing after completing due diligence;

the fact that the unaffiliated directors determined that the merger agreement, the merger and the transactions contemplated by the merger agreement are fair to and in the best interests of the Company and its unaffiliated stockholders;

the significant concessions made by affiliates of the GA Equityholders, collectively the largest stockholders of the Company, to transfer to affiliates of The Blackstone Group and forgo contractual payments of considerable value that their affiliates were entitled to under the Investors Tax Receivable Agreements in order to secure the per share merger consideration of $19.00 for all of the Company s stockholders;

the significant concessions made by affiliates of the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements and by the H&F Equityholders to roll over approximately 50% of their equity interests in the Company, in each case, to

secure the per share merger consideration of $19.00 for all of the Company s stockholders;

the likelihood that the merger would be completed based on, among other things (not in any relative order of importance):

- the H&F Filing Persons belief that the debt and equity financing required for the merger will be obtained, given (i) the fact that Parent had obtained commitments for such debt and equity

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financing, (ii) the limited number and nature of the conditions to such debt and equity financing, (iii) the reputation of the financing sources and (iv) the obligation of Parent to use reasonable best efforts to obtain such debt and equity financing;

- the absence of a financing condition in the merger agreement;
- the likelihood and anticipated timing of completing the merger in light of the scope of the closing conditions;
- the fact that no significant antitrust or other regulatory issue exists and that the required antitrust approval is expected to be obtained;
- the fact that (i) Parent will be required to pay to the Company a reverse termination fee of $80.0 million or $153.0 million if the merger agreement is terminated under certain circumstances, (ii) the Company will not need to prove damages as a condition to receiving such reverse termination fee and (iii) Sponsor has guaranteed Parent s obligation to pay such reverse termination fee;
- the Company s right to seek specific performance of Parent s obligations under the merger agreement, including, under certain circumstances, specific performance of Parent s obligations to cause (i) Sponsor to make the cash equity contribution to Parent pursuant to the equity commitment letter and (ii) the H&F Equityholders to make the Rollover Investment pursuant to the Rollover Letter and the interim investors agreement;
- the reputation of The Blackstone Group and The Blackstone Group s ability to complete large acquisition transactions; and
- Sponsor s execution of a limited guarantee in favor of the Company guaranteeing, subject to the limitations described therein, the payment of certain payment obligations that may be owed by Parent pursuant to the merger agreement, including the payment of any reverse termination fee that may become payable following termination of the merger agreement by the Company in specified circumstances, subject to an overall cap of $163.0 million;

the other terms of the merger agreement and the related agreements, including:

- the board of directors ability to withhold, withdraw, qualify or modify its recommendation that the Company s stockholders vote to adopt the merger agreement, subject to certain conditions in the merger agreement;
- the board of directors ability to (i) respond to takeover proposals and (ii) terminate the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, in each case, subject to certain conditions in the merger agreement, including in the case of a termination of the merger agreement, the payment of a termination fee of $65.0 million by the Company;
- the termination fee of $65.0 million payable by the Company to Parent under certain circumstances, including as described above, in connection with a termination of the merger agreement, which the board of directors concluded was reasonable in the context of termination fees payable in comparable transactions and considering the overall terms of the merger agreement, including the per share merger consideration of $19.00;

- the board of directors ability to terminate the merger agreement if the Company s stockholders do not adopt the merger agreement, subject to paying an expense reimbursement of up to $10.0 million;

- the inclusion of provisions whereby, subject to certain limited consent rights with respect to modifications of the merger agreement that would be materially adverse to the H&F Equityholders or disproportionally adverse to the H&F Equityholders relative to an affiliate of The Blackstone Group, an affiliate of The Blackstone Group, rather than the H&F Equityholders, controls the

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material decisions relating to Parent and Merger Sub prior to, and in connection with, the consummation of the Merger;

- the fact that the voting agreements entered into by the GA Equityholders and H&F Equityholders with Parent will terminate automatically if (i) the merger agreement is terminated for any reason, including a termination of the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, or (ii) the board of directors withholds, withdraws, qualifies or modifies its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent; and

- the availability of appraisal rights under the DGCL to the unaffiliated stockholders who comply with all of the required procedures under the DGCL, which allows such holders to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Delaware Court of Chancery.

In addition, since July 26, 2011, the last trading day prior to certain news reports that The Blackstone Group was in discussions with the Company, the broader market has traded down significantly (e.g., the S&P 500 Index is down approximately 13.6% as of September 28, 2011).

The H&F Filing Persons did not consider the Company s net book value to be a factor in determining the substantive fairness of the transaction to the unaffiliated stockholders because it believed that net book value reflects historical costs and not the value of the Company as a going concern. The H&F Filing Persons also did not consider the liquidation value as a factor because they consider the Company to be a viable going concern business and the trading history of the Emdeon Class A common stock generally to be an indication of its value as such. In addition, due to the fact that the Company is being sold as a going concern, the H&F Filing Persons did not consider the liquidation value of the Company relevant to a determination as to whether the proposed merger is fair to the unaffiliated stockholders as the H&F Filing Persons believed the value of the Company s assets that might be realized in a liquidation would be significantly less than its going concern value. The H&F Filing Persons did not establish a pre-merger going concern value for Emdeon s equity as a public company for the purposes of determining the fairness of the merger consideration to the unaffiliated stockholders, but noted the trading history of the Emdeon Class A common stock and the premiums set forth in the first bullet point above. The H&F Filing Persons were aware that the Company had retained financial advisors to provide its board of directors with opinions as to the fairness, from a financial point of view, of the merger consideration and that such financial advisors performed certain financial analyses in connection with such opinions, which analyses may be considered similar to a going concern valuation of the Company. However, the H&F Filing Persons were not entitled to, and did not, rely on such opinions or the underlying financial analyses. In addition, the H&F Filing Persons do not believe there to be a universally recognized and reliable single method for determining an entity s going concern value, and therefore, did not base their determination of the substantive fairness of the merger to the unaffiliated stockholders on a valuation methodology that, in their view, is not clearly defined and which is and would be subject to various interpretations. In addition, following the merger, the Company will have a significantly different capital structure, which will result in different opportunities and risks for the business as a more highly leveraged private company and consequently renders a pre-merger going concern valuation moot. As a result, the H&F Filing Persons did not undertake, or engage a financial advisor or other outside party to undertake, any independent evaluation, appraisal or other analysis of the pre-merger going concern value of the Company for the purpose of determining the fairness of the merger consideration to the unaffiliated stockholders of the Company. The H&F Filing Persons also did not consider the prices paid by the Company for past purchases of the Company s common stock because no such purchases have been made during the last two years other than in connection with the Company s equity incentive plans. In making their determination as to the substantive fairness of the merger to the unaffiliated stockholders, other than as set forth in Special Factors Background of the Merger above, the H&F Filing Persons were not aware of any offers during the prior two years by any person for the merger or consolidation of Emdeon with another company, the sale or transfer of all or substantially all of Emdeon s assets or a purchase of Emdeon s assets that would enable the holder to exercise control of Emdeon.

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The merger is not structured such that approval of a majority of the Company s unaffiliated stockholders is required. Nevertheless, the H&F Filing Persons believe that sufficient procedural safeguards were and are present

to ensure the fairness of the merger and to permit the board of directors to represent effectively the interests of the Company s unaffiliated stockholders based upon the following factors:

- the fact that the unaffiliated directors, in a separate vote taken at a time when the directors designated by Hellman & Friedman had recused themselves from the board of directors meeting, unanimously approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

- the recognition by the unaffiliated directors that they, collectively representing a majority of the board of directors, had the authority not to approve the merger or any other transaction;

- the fact that each of the Outside Directors voted to approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

- the fact that the Outside Directors are not employees of the Company or any of its subsidiaries, are not affiliated with the H&F Filing Persons, and have no financial interest in the merger that is different from that of the unaffiliated stockholders (other than the acceleration of options to acquire shares of Emdeon common stock, restricted stock units and EBS Units held by certain of the directors);

- the fact that the board of directors, including the unaffiliated directors and Outside Directors, met regularly to discuss the Company s strategic alternatives;

- the fact that the board of directors was advised by Morgan Stanley and UBS, as financial advisors, and Paul, Weiss as legal advisor, each an internationally recognized firm selected by the board of directors;

- the fact that the Outside Directors were separately advised by King & Spalding, as legal advisor, an internationally recognized firm selected by the Outside Directors;

- the fact that the Outside Directors met separately with King & Spalding during the course of negotiations with The Blackstone Group to review the Company s process for considering the proposed merger and the proposed agreements among affiliates of The Blackstone Group, the GA Equityholders and the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements;

- the significant concessions made by affiliates of the GA Equityholders, collectively the largest stockholders of the Company, to transfer to affiliates of The Blackstone Group and forgo contractual payments of considerable value that their affiliates were entitled to under the Investors Tax Receivable Agreements in order to secure the per share merger consideration of $19.00 for all of the Company s stockholders;

the significant concessions made by affiliates of the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements and by the H&F Equityholders to roll over approximately 50% of their equity interests in the Company, in each case, to secure the per share merger consideration of $19.00 for all of the Company s stockholders;

the other terms of the merger agreement and the related agreements, including:

- the board of directors ability to withhold, withdraw, qualify or modify its recommendation that the Company s stockholders vote to adopt the merger agreement, subject to certain conditions in the merger agreement;

- the board of directors ability to (i) respond to takeover proposals and (ii) terminate the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s

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stockholders, in each case, subject to certain conditions in the merger agreement, including in the case of a termination of the merger agreement, the payment of a termination fee of $65.0 million by the Company;

- the termination fee of $65.0 million payable by the Company to Parent under certain circumstances, including as described above, in connection with a termination of the merger agreement, which the board of directors concluded was reasonable in the context of termination fees payable in comparable transactions and considering the overall terms of the merger agreement, including the per share merger consideration of $19.00;

- the board of directors ability to terminate the merger agreement if the Company s stockholders do not adopt the merger agreement, subject to paying an expense reimbursement of up to $10.0 million;

- the inclusion of provisions whereby (i) Parent will be required to pay to the Company a reverse termination fee of $80.0 million or $153.0 million if the merger agreement is terminated under certain circumstances, (ii) the Company will not need to prove damages as a condition to receiving such reverse termination fee and (iii) Sponsor has guaranteed Parent s obligation to pay such reverse termination fee;

- the inclusion of provisions whereby, subject to certain limited consent rights with respect to modifications of the merger agreement that would be materially adverse to the H&F Equityholders or disproportionally adverse to the H&F Equityholders relative to an affiliate of The Blackstone Group, an affiliate of The Blackstone Group, rather than the H&F Equityholders, controls the material decisions relating to Parent and Merger Sub prior to, and in connection with, the consummation of the Merger;

- the fact that the voting agreements entered into by the GA Equityholders and H&F Equityholders with Parent will terminate automatically if (i) the merger agreement is terminated for any reason, including a termination of the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, or (ii) the board of directors withholds, withdraws, qualifies or modifies its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent;

the consideration per share to be paid to the H&F Equityholders in the merger (excluding the equity of Parent to be issued to the H&F Equityholders in consideration of the Rollover Investment) is the same as the consideration to be paid to the unaffiliated stockholders;

the fact that the board of directors received separate opinions of the Company s financial advisors, dated August 3, 2011, as to the fairness, from a financial point of view and as of the date of the opinion, of the $19.00 per share merger consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement; and

the availability of appraisal rights under the DGCL to the unaffiliated stockholders who comply with all of the required procedures under the DGCL, which allows such holders to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Delaware Court of Chancery.

In considering the fairness of the merger to the Company s unaffiliated stockholders, the H&F Filing Persons also considered the following risks and other negative factors related to the merger agreement and the merger:

the risk that the merger might not be completed in a timely manner or at all, including the risk that the merger might not be completed because the financing contemplated by the acquisition financing commitments, described under the caption Special

Factors Financing of the Merger beginning on page 75, is not obtained, as Parent does not on its own possess sufficient funds to complete the merger;

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the risk that all of the conditions to the parties obligations to effect the merger will not be satisfied prior to the termination date set forth in the merger agreement;

the fact that the Company s unaffiliated stockholders will not have any equity in the surviving company following the merger, meaning that the Company s unaffiliated stockholders will cease to participate in the Company s future earnings or growth, or to benefit from any increases in the value of the equity in the Company;

the restrictions on the conduct of the Company s business prior to the completion of the merger, which may delay or prevent the Company from pursuing business opportunities that may arise or taking any other action it would otherwise take with respect to its business operations;

the risk that, while the closing of the merger is pending, there could be disruptive effects on the business, customer relationships and employees of the Company;

the fact that the Company could be required to pay a termination fee of $65.0 million if the merger agreement was terminated under certain circumstances, including, but not limited to, a termination of the merger agreement by Parent after the board of directors had withheld, withdrawn, qualified or modified its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent;

the possibility that the termination fee of $65.0 million payable by the Company upon the termination of the merger agreement under certain circumstances could discourage potential acquirors from making a competing bid to acquire the Company;

the fact that the Company will be required, if the proposed merger is not completed, to pay its own expenses associated with the merger agreement, the merger and the other transactions contemplated by the merger agreement;

the fact that (i) Parent and Merger Sub are newly formed corporations with essentially no assets other than the equity commitments of Sponsor and the rollover commitments of the H&F Equityholders, (ii) the Company s remedy in the event of breach of the merger agreement by Parent or Merger Sub could be limited to receipt of the reverse termination fee of $80.0 million or $153.0 million, as applicable, and (iii) under certain circumstances, the Company would not be entitled to any reverse termination fee if the merger agreement was terminated;

the fact that there are voting agreements pursuant to which the GA Equityholders and the H&F Equityholders have agreed to vote shares of Emdeon common stock representing approximately 72% of the outstanding shares of Emdeon common stock;

the fact that an all cash transaction would be taxable to the Company s stockholders that are U.S. holders for U.S. federal income tax purposes; and

the fact that (i) certain of the Company s directors and executive officers and (ii) the GA Equityholders and the H&F Equityholders have interests in the transaction that are different from, or in addition to, those of the Company s unaffiliated stockholders; see the section captioned Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 82 and Special Factors Tax Receivable Arrangements beginning on page 88.

The foregoing discussion of the information and factors considered and given weight by the H&F Filing Persons in connection with the fairness of the merger is not intended to be exhaustive but is believed to include all material factors considered by the H&F Filing Persons. The H&F Filing Persons did not find it practicable to assign, and did not assign or otherwise attach, relative weights to the individual factors in reaching

their position

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as to the fairness of the merger. Rather, their fairness determinations were made after consideration of all of the foregoing factors as a whole. The H&F Filing Persons believe the foregoing factors provide a reasonable basis for their belief that the merger is substantively and procedurally fair to the unaffiliated stockholders.

Certain Effects of the Merger; Plans for the Company

If the merger is completed, all of the equity interests in the Company will be owned by Parent. The H&F Equityholders will hold an indirect equity interest in the Company through the direct equity interest in Parent to be obtained in connection with the Rollover Investment. See Special Factors Financing of the Merger Rollover Commitment; Unit Purchase Agreement beginning on page 79. No current Emdeon stockholder (other than the H&F Equityholders in connection with the Rollover Investment and any third parties to which Sponsor may syndicate its and the H&F Equityholders respective equity commitments at or prior to the merger in accordance with the terms of an interim investors agreement (as described below)) will have any ownership interest in, or be a stockholder of, the Company. As a result, the Company s stockholders (other than the H&F Equityholders in connection with the Rollover Investment) will no longer benefit from any increases in the Company s value, nor will they bear the risk of any decreases in the Company s value. Following the merger, Parent and the H&F Equityholders will benefit from any increases in the value of the Company and also will bear the risk of any decreases in the value of the Company.

If the merger is completed, each share of Emdeon Class A common stock (including each share of Emdeon Class A common stock resulting from the exchange of EBS Units and Emdeon Class B common stock prior to the merger) owned immediately prior to the effective time of the merger, other than as provided below, will be converted into the right to receive $19.00 in cash, without interest and less any applicable withholding taxes. The following shares of Emdeon Class A common stock will not be converted into the right to receive the per share merger consideration in connection with the merger: (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington pursuant to the Rollover Letter under which, and subject to the terms and conditions of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein, and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the DGCL.

Immediately prior to the effective time of the merger, each stock option issued under the 2009 Equity Plan (excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger. Also at the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive. If the merger is completed, the Emdeon Class A common stock will be delisted from the New York Stock Exchange (and no longer publicly traded) and deregistered under the Exchange Act, and the Company will no longer file periodic reports with the SEC with respect to the Emdeon Class A common stock.

Parent and Merger Sub expect that following completion of the merger, our operations will be conducted substantially as they are currently being conducted. However, following completion of the merger, the Company will have significantly more debt than it currently has. There are no current plans to repay the debt incurred in connection with the merger. The Company has continuously evaluated and reviewed the Company s business and operations, including

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exploring the possibility of making additional acquisitions in the healthcare information technology industry. However, the Company has no current plans, proposals or negotiations which relate to or would result in an extraordinary corporate transaction involving the Company s corporate structure, business or management, such as a merger, reorganization, liquidation, relocation of any operations, or sale or transfer of a material amount of assets, or the incurrence of any indebtedness, in each case except as described in this Proxy Statement, including under Special Factors Purposes and Reasons of the Blackstone Filing Persons for the Merger.

Parent does not currently own any interest in the Company. Following consummation of the merger, Parent will directly or indirectly own 100% of the outstanding Emdeon common stock and will have a corresponding interest in our net book value and net earnings. Each stockholder of Parent, including the H&F Equityholders, will have an interest in our net book value and net earnings in proportion to such stockholder s ownership interest in Parent.

From and after the effective time, (i) the directors of Merger Sub immediately prior to the effective time shall be the directors of the surviving corporation until their successors are duly elected and qualified or until their earlier death, resignation or removal in accordance with the surviving charter, the surviving bylaws and applicable law, and (ii) the officers of the Company immediately prior to the merger shall continue to be the officers of the surviving corporation until their successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the surviving certificate of incorporation, the surviving bylaws and applicable law.

At the closing of the merger, Sponsor has agreed to contribute $870.0 million to Parent, directly or indirectly through one or more affiliated entities or other designated co-investors. Also at the closing of the merger, H&F Harrington has agreed to contribute 5,819,849 shares of Emdeon Class A common stock to Parent (the equivalent of an approximately $110.6 million investment based upon the per share merger consideration of $19.00). In addition, the H&F Unitholders have agreed to sell an aggregate amount of 22,586,390 EBS Units to EBS Holdco II, LLC pursuant to the terms, and subject to the conditions, of a unit purchase agreement to be entered into with EBS Holdco II, LLC at the effective time of the merger, in exchange for a per EBS Unit purchase price of $19.00 in cash for approximately 50% of their EBS Units and a pro rata share of the equity of Parent for the remaining approximately 50% of their EBS Units (the equivalent of an approximately $214.6 million investment based upon a per EBS Unit purchase price of $19.00). The H&F Equityholders will receive aggregate proceeds of approximately $325.2 million in connection with the consummation of the merger based on the per share merger consideration of $19.00. EBS Holdco II, LLC is a wholly-owned subsidiary of the Company and, at the effective time of the merger, will be an indirect wholly-owned subsidiary of Parent.

The table below sets forth the interests in our voting shares and the interest in our net book value and net earnings for each of the H&F Equityholders and Parent before and after the merger, based on our historical net book value (including a portion that is attributable to interests in EBS Master held by the Management Members (as defined in Special Factors Tax Receivable Arrangements) and entities controlled by the H&F Equityholders, but excluding any options and restricted stock units issued or granted under the 2009 Equity Plan) as of December 31, 2010 of $1,055.3 million and June 30, 2011 of $1,086.1 million, and our historical net income (including a portion that is attributable to interests in EBS Master held by the Management Members and entities controlled by the H&F Equityholders) for the year ended December 31, 2010 of $33.2 million and for the six months ended June 30, 2011 of $16.5 million, in each case, assuming that no portion of the H&F Equityholders rollover equity commitment is syndicated to co-investors. All dollar figures are in the thousands and rounded to the nearest dollar amount.

	Ownership of the Company Prior to the Merger					Ownership of the Company After the Merger(1)				
	% Ownership	Net earnings for the fiscal year ended December 31, 2010(2)	Net book value as of December 31, 2010(3)	Net earnings for the six-month period ended June 30, 2011(2)	Net book value as of June 30, 2011(3)	% Ownership	Net earnings for the fiscal year ended December 31, 2010(2)	Net book value as of December 31, 2010(3)	Net earnings for the six months ended June 30, 2011(2)	Net book value as of June 30, 2011(3)
Sponsor	0%	$ 0	$ 0	$ 0	$ 0	72.5%	$ 24,046	$ 765,084	$ 11,965	$ 787,429
H&F Equityholders	29.5%	9,784	311,310	4,868	320,402	27.5%	9,121	290,204	4,538	298,680
Parent	0%	0	0	0	0	100%	33,167	1,055,288	16,503	1,086,109
Total	29.5%	$ 9,784	$ 311,310	$ 4,868	$ 320,402	100.0%	$ 33,167	$ 1,055,288	$ 16,503	$ 1,086,109

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The table below sets forth the approximate ownership of Parent following completion of the merger (excluding any options and restricted stock units issued or granted under the 2009 Equity Plan any incentive equity plan and assuming that no portion of Sponsor s or the H&F Equityholders respective equity commitments is syndicated to third parties).

	Ownership of Parent After the Merger(1)(4)				
	% Ownership	Net earnings for the fiscal year ended December 31, 2010(2)	Net book value as of December 31, 2010(3)	Net earnings for the six months ended June 30, 2011(2)	Net book value as of June 30, 2011(3)
Sponsor	72.5%	$ 24,046	$ 765,084	$ 11,965	$ 787,429
H&F Equityholders	27.5%	9,121	290,204	4,538	298,680
Total	100.0%	$ 33,167	$ 1,055,288	$ 16,503	$ 1,086,109

(1) Interest in net earnings and net book value of the Company after the merger does not take into account the effect of the transaction (other than the change in ownership percentage) and does not take into account any additional debt that may be incurred by the Company or any resulting interest expense, which would have the effect of decreasing net earnings and net book value of the Company after the merger.

(2) Net earnings includes a portion of the Company s net earnings that is attributable to interests in EBS Master held by the Management Members and entities controlled by the H&F Equityholders.

(3) Net book value includes a portion of the Company s total stockholders equity that is attributable to interests in EBS Master held by the Management Members and entities controlled by the H&F Equityholders.

(4) Immediately following the merger, (i) Parent will directly or indirectly own 100% of the capital stock of the Company, (ii) Sponsor will own approximately 72.5% of Parent and (iii) the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the effective time of the merger in accordance with the interim investors agreement.

It is important to note that the portions of our book value and net income that are attributable to interests in EBS Master held by the Management Members and entities controlled by the H&F Equityholders are not attributable to shares of Emdeon Class A common stock and have been included in the disclosure above solely for purposes of disclosing Sponsor s, the H&F Equityholders and Parent s interests in our net book value and net earnings before and after the merger as required by applicable rules under the Exchange Act. Information regarding the net book value and net earnings attributable to shares of Emdeon Class A common stock has been included under Selected Financial Information beginning on page 146.

Alternatives to the Merger

As noted above, in response to indications of interest from certain potential acquirors, the board of directors evaluated potential strategic alternatives, including a potential sale of the Company, with the assistance of the Company s senior management and advisors. The indications of interest had been made independently and not in response to any process initiated by the board of directors or the Company to sell the Company. As noted above, while the board of directors was responding to the indications of interest for, and the inquiries about, the sale of the Company that the Company received from The Blackstone Group and other potential acquirors during the course of 2011, the board of directors also considered the potential benefits to the Company (and the Company s stockholders) of certain strategic alternatives, including, but not limited to, continuing as a stand-alone company, effecting a leveraged recapitalization and/or pursuing other potential mergers and acquisitions and other potential strategic transactions. In considering those alternatives, the board of directors took into account all information that was available to the board of directors, including the information contained in management s projections summarized under Special Factors Projected Financial Information beginning on page 71, as well as the board of directors knowledge and understanding of the business, operations, management, financial condition, earnings and prospects of the Company, including the prospects of the Company as a stand-alone company and the public market s valuation of the Company as a standalone company, the potential challenges of achieving future organic growth of the Company and the risk that increased competition for potential future acquisitions might further limit the Company s growth opportunities. Ultimately, based on the aforementioned factors and other information considered by the board of directors, including, but not limited to, the Company s discussions with various third parties about potential transactions with

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the Company, as described under Special Factors Background of the Merger beginning on page 20, the board of directors rejected each of these alternatives because none of them provided the Company with as compelling an opportunity, taking into account both value and certainty, to maximize value for all of the stockholders of the Company as the proposed merger with affiliates of The Blackstone Group. For more information on the process behind the board of directors determination, see Special Factors Background of the Merger beginning on page 20, Special Factors Recommendation of Our Board of Directors; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger beginning on page 34 and Special Factors Purposes and Reasons of the Company for the Merger beginning on page 56. As discussed above, while the Company had received, prior to the date of the merger agreement, certain expressions of interest for, and certain inquiries about, the sale of the Company to a potential acquiror, The Blackstone Group made the only firm offer to acquire the Company that the Company had ever received during the past two years. The H&F Equityholders believe that pursuing the merger is preferable to the strategic alternatives considered by the board of directors, as described above, for the reasons summarized under Special Factors Positions of the H&F Equityholders Regarding the Fairness of the Merger beginning on page 61, as well as for substantially the same reasons as those reasons considered by the board of directors. In addition, the merger provides the H&F Equityholders the best opportunity to achieve the purposes described above under the section captioned Special Factors Purposes and Reasons of the H&F Equityholders for the Merger beginning on page 61.

Effects on the Company if the Merger is not Completed

If the Company s stockholders do not adopt the merger agreement or if the merger is not completed for any other reason, the Company s stockholders will not receive any payment for their shares of Emdeon common stock unless the Company is sold to a third party. Instead, unless the Company is sold to a third party, we will remain a public company, Emdeon Class A common stock will continue to be listed and traded on the New York Stock Exchange, and our stockholders will continue to be subject to similar risks and opportunities as they currently are with respect to their ownership of Emdeon common stock. If the merger is not completed, there is no assurance as to the effect of these risks and opportunities on the future value of your shares of Emdeon common stock, including the risk that the market price of Emdeon Class A common stock may decline to the extent that the current market price of Emdeon Class A common stock reflects a market assumption that the merger will be completed. From time to time, the board of directors will evaluate and review the business operations, properties, dividend policy and capitalization of the Company and, among other things, make such changes as are deemed appropriate and continue to seek to maximize stockholder value. If the Company s stockholders do not adopt the merger agreement or if the merger is not completed for any other reason, there is no assurance that any other transaction acceptable to the Company will be offered or that the business, prospects or results of operations of the Company will not be adversely impacted. Pursuant to the merger agreement, under certain circumstances, the Company is permitted to terminate the merger agreement and recommend an alternative transaction. See The Merger Agreement Termination beginning on page 135.

Under certain circumstances, if the merger is not completed, the Company may be obligated to pay to Parent a termination fee and/or reimburse certain of Parent s expenses. See The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 137.

Projected Financial Information

The Company provided The Blackstone Group certain full year 2011 prospective financial information concerning the Company, including projected revenues, capital expenditures and adjusted earnings before interest, taxes, depreciation and amortization and other items (Adjusted EBITDA). The Blackstone Group also received other financial information related to its due diligence of the Company. The Blackstone Group also had access to publicly available analysts projections for years subsequent to 2011. The Blackstone Group received the following prospective financial information for full year 2011:

- 2011 management operating plan (the 2011 Management Plan), which was the product of the Company s annual planning process for 2011, substantially completed in late 2010 and approved by the board of directors in early 2011;

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May 2011 board of directors forecast (the May 2011 Board Forecast), which was a routine forecast prepared by the Company s management for the board of directors meeting in May 2011; and

July 2011 board of directors forecast (the July 2011 Board Forecast), which was a routine forecast prepared by the Company s management for the board of directors meeting (which was subsequently cancelled in connection with developments related to the merger) in July 2011.

In addition to the 2011 Management Plan, the May 2011 Board Forecast and the July 2011 Board Forecast provided to The Blackstone Group and the Company s financial advisors, the Company also provided to its financial advisors (but not The Blackstone Group) prospective financial information for the years 2012-2016 (the 2012-2016 Projections) concerning the Company, including Adjusted EBITDA, for purposes of their respective financial analyses and opinions summarized above under the captions Special Factors Opinion of Morgan Stanley & Co. LLC and Special Factors Opinion of UBS Securities LLC beginning on pages 40 and 49, respectively.

The prospective financial information set forth below is included solely to give stockholders access to the information that was made available to The Blackstone Group and the Company s financial advisors, and reviewed by the board of directors, and is not included in this Proxy Statement in order to influence any stockholder to make any investment decision with respect to the merger or any other purpose, including whether or not to seek appraisal rights with respect to the shares of Emdeon common stock.

The prospective financial information was not prepared with a view toward public disclosure, or with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts, or U.S. generally accepted accounting principles (GAAP). Neither the Company s independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information included below, or expressed any opinion or any other form of assurance on such information or its achievability. The Company s 2011 Management Plan was prepared as part of the Company s annual planning process for 2011 in conjunction with establishing performance targets for 2011 without consideration of certain risk-adjustments. Further, the May 2011 Board Forecast and the July 2011 Board Forecast were prepared by management for purposes of meetings of the board of directors to present a view towards potential full year performance without consideration of certain risk-adjustments.

The prospective financial information reflects numerous estimates and assumptions made by the Company with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the Company s business, all of which are difficult to predict and many of which are beyond the Company s control. The prospective financial information reflects subjective judgment in many respects and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the prospective financial information constitutes forward-looking information and is subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in such prospective information, including, but not limited to, the Company s performance, industry performance, general business, economic, regulatory, market and financial conditions, and the various risks set forth in this Proxy Statement and the Company s reports filed with the SEC, which are available without charge at www.sec.gov (see also Where Stockholders Can Find More Information). There can be no assurance that the prospective financial information will be realized or that actual results will not be significantly higher or lower than as set forth in the prospective financial information.

The prospective financial information covers multiple years and such information by its nature becomes less predictive with each successive year. In addition, the prospective financial information will be affected by the Company s ability to achieve strategic goals, objectives and targets over the applicable periods. The assumptions upon which the prospective financial information is based necessarily involve judgments as of the time of their preparation with respect to, among other things, future economic, competitive and regulatory conditions and financial market conditions, all of which are difficult or impossible to predict accurately and many of which are

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beyond the Company s control. The prospective financial information also reflects assumptions as of the time of their preparation as to certain business decisions that are subject to change. Such prospective information cannot, therefore, be considered a guaranty of future operating results, and this information should not be relied on as such. The inclusion of this information should not be regarded as an indication that the Company, The Blackstone Group, any of their respective financial advisors or anyone who received this information then considered, or now considers, it as necessarily predictive of actual or future events, and this information should not be relied upon as such. None of the Company, The Blackstone Group or any of their affiliates or representatives intends to, and each of them disclaims any obligation to, update, revise or correct the prospective financial information if any of it is or becomes inaccurate (even in the short term).

The prospective financial information does not take into account any circumstances or events occurring after the date they were prepared, including the transactions contemplated by the merger agreement. Further, the prospective financial information does not take into account the effect of any failure of the merger to occur and should not be viewed as accurate or continuing in that context.

The inclusion of the prospective financial information herein should not be deemed an admission or representation by the Company, The Blackstone Group or the board of directors that they are viewed by the Company, The Blackstone Group or the board of directors as material information of the Company, and in fact the Company, The Blackstone Group and the board of directors view the prospective financial information as non-material because of the inherent risks and uncertainties associated with such long-range forecasts. The prospective financial information should be evaluated, if at all, in conjunction with the historical financial statements and other information regarding the Company contained herein and in the Company s public filings with the SEC, which are available without charge at www.sec.gov (see also Where Stockholders Can Find More Information beginning on page 154). Stockholders should be aware that the 2011 Management Plan, May 2011 Board Forecast and the July 2011 Board Forecast were prepared for different purposes than the 2012-2016 Projections provided to the Company s financial advisors and, as a result, may not utilize the same assumptions. In light of the foregoing factors and the uncertainties inherent in the Company s prospective information, stockholders are cautioned not to place undue, if any, reliance on the prospective information included in this Proxy Statement.

2011 Management Plan, May 2011 Board Forecast and July 2011 Board Forecast

The 2011 Management Plan was a product of the Company s annual planning process for 2011 in conjunction with establishing performance targets and, accordingly, did not consider certain risk-adjustments. Additionally, the May 2011 Board Forecast and July 2011 Board Forecast were both prepared for board of directors meetings with a view towards potential full year 2011 performance without consideration of certain risk-adjustments.

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The following is the full year 2011 prospective financial information from the 2011 Management Plan, the May 2011 Board Forecast and July 2011 Board Forecast provided to The Blackstone Group and the Company s financial advisors ($ in millions):

	2011 Management Plan	May 2011 Board Forecast	July 2011 Board Forecast
Revenue:			
Claims Management	$ 210	$ 219	$ 218
Payment Services	247	249	251
Patient Statements	260	260	261
Revenue Cycle Management	308	305	301
Dental	31	32	32
Pharmacy Services	94	92	91
Eliminations	(4)	(4)	(4)
Total Revenue	$ 1,146	$ 1,153	$ 1,150
Direct Expenses	$ 443	$ 448	$ 451
Operating Expenses (including Equity-Based Compensation)	$ 414	$ 425	$ 421
Equity-Based Compensation	$ 20	$ 21	$ 23
Adjusted EBITDA	$ 310	$ 304	$ 305
Capital Expenditures	$ 47	$ 58	N/A
Net Cash provided by Operating Activities	N/A	$ 220	N/A

2012-2016 Projections

Although management does not routinely prepare long-term projections during its annual operations, in July 2011, management of the Company prepared the 2012-2016 Projections, which were reviewed by the board of directors and provided to the Company s financial advisors.

The following are the 2012-2016 Projections ($ in millions) and assumptions provided to the Company s financial advisors:

	2012	2013	2014	2015	2016